**Attachment 1**

**Measures against Rule Violations of Dalian Commodity Exchange**

**Chapter I General Provisions**

1. The Measures against Rule Violations of Dalian Commodity Exchange (the "**Measures**") are formulated in accordance with the *Bylaws of Dalian Commodity Exchange* (the "**Bylaws**") and the *Trading Rules of Dalian Commodity Exchange* (the "**Trading Rules**") for the purposes of enhancing the administrative management of futures market, regulating futures trading activities, and protecting lawful rights and interests of futures market participants.
2. A rule violation herein means the breach of the Bylaws, business rules or any other applicable provisions of Dalian Commodity Exchange (the "**Exchange**"), which conducted by the futures market participants and their staff.

The futures market participants referred to in the preceding paragraph shall include:

1. the Members;
2. the Overseas Special Participants (the "**OSPs**");
3. the Overseas Intermediaries;
4. the market makers;
5. the clients;
6. the designated delivery warehouses, designated vehicle board delivery sites and other delivery service providers;
7. the designated depository banks;
8. the designated quality inspection agencies;
9. the information technology service providers; and
10. other futures market participants as recognized by the Exchange.
11. The Exchange shall investigate, identify and handle rule violations based on facts and the principles of fairness and integrity.
12. In case a futures market participant has been punished by the administrative or judicial authorities in respect of a certain rule violation, the Exchange may impose a lighter or mitigated punishment or exempt the punishment in respect thereof.
13. The Measures shall apply to related business activities in futures trading on the Exchange.

**Chapter II Inspection**

1. The inspection means the examination and investigation conducted by the Exchange pursuant to the business rules and other relevant regulations for the business activities of the futures market participants.

The inspection may be conducted on-site or off-site.

1. The Exchange may exercise the following powers when it conducts the inspection:
2. accessing and copying the information, documents and materials related to the futures trading;
3. requiring the futures market participants to provide the annual reports and the third-party audit reports, etc.; requiring the OSPs, Overseas Intermediaries or the overseas clients to provide the regulatory reports issued by the overseas regulatory authorities;
4. conducting investigation, evidences collection and regulatory talk with the futures market participants;
5. requiring the futures market participants to report, represent, explain or clarify the relevant situation;
6. inquiring into the bank accounts of the futures market participants related to their futures business;
7. accessing and examining the technical systems of trading, clearing, finance or otherwise of the futures market participants related to their futures business;
8. stopping, correcting and dealing with any rule violation;
9. any other powers regulated by laws, regulations, rules, Bylaws and business rules of the Exchange.
10. The futures market participants shall consciously accept the supervision and management of the Exchange, and cooperate with the inspection of the Exchange.
11. The Exchange may conduct the examination periodically or from time to time in accordance with the business rules and other relevant regulations, over the business activities of the futures market participants.
12. The Exchange shall establish a complaints and whistleblowing mechanism. Complainants or whistleblowers shall indicate their true and clear identity, and the Exchange shall keep the identity confidential if the complainant or whistleblower is reluctant to disclose his or her identity.
13. In case the Exchange suspects that any irregularity is involved which shall be subject to disciplinary sanctions discovered from its daily supervision and management, provided by complainants or whistleblowers, referred by futures regulatory departments and judicial authorities, or obtained from other sources, the Exchange shall file a case for investigation.

If the circumstance is obviously minor and has not caused any adverse impact on the futures market, the Exchange may take the self-regulatory management measures against the party concerned, such as adding to the key supervision list, giving a verbal warning, issuing a written warning letter, regulatory talks, and requiring the submission of a written commitment, etc.

1. The Exchange shall authorize dedicated staffs to take charge of the investigation of suspected rule violation that have been placed on file. At least two (2) investigators shall participate in the investigation and evidence gathering activities. The investigators shall present their own working identities or other supporting documents issued by the Exchange to prove their authorization.
2. An investigator shall apply for recusal from the case if such person believes that he or she has a conflicting interest in the case concerned or other circumstances that may prejudice the fairness and impartiality of the investigation.

If a person under investigation believes that the investigator has a conflict of interest in the cases concerned or other circumstances that may prejudice the fairness and impartiality of the investigation, the person shall have the right to request the investigator to recuse from the investigation.

The Exchange shall order the investigator to recuse himself or herself from the investigation when it deems necessary.

The recusal of an investigator shall be determined by the head of the Exchange's supervision department. The recusal of the head of the Exchange's supervision department shall be determined by the Exchange's Chief Executive Officer.

1. The evidence shall include all the materials that can prove the true facts of the case, which include the documentary evidences, physical evidences, statements of parties concerned, testimonies of witnesses, investigation transcripts, appraisal opinions, audio-visual materials, electronic data, etc.

No evidence shall be used as the basis of the verdict unless the veracity of the evidence is confirmed.

1. Investigation transcripts shall be made when the investigator inquire the person(s) under investigation. The investigation transcripts shall be confirmed by the person(s) under investigation, and then signed by the investigator(s) and the person(s) under investigation. In case the person(s) under investigation refuses to sign, the investigator(s) shall specify the reasons.

Each time an investigator collects a piece of documentary evidences, physical evidences, audio-visual materials and electronic data, etc., a note shall be made stating the time and the venue that the evidence was collected. Such note shall be signed or sealed by the provider(s) for confirmation.

The appraisal opinions shall be made by a competent appraisal institution which is recognized by the Chinese Securities Regulatory Commission ("**CSRC**") or the Exchange, and shall be sealed and signed by the appraisal institution thereof and the appraiser respectively.

1. The investigator shall strictly comply with the confidentiality policy and shall not abuse their powers during the examination and investigation.

The futures market participants shall strictly perform the obligation of confidentiality in the process of examination or investigation by the Exchange.

1. In case the futures market participants are suspected of violating laws and regulations and are under the investigation filed by the Exchange, the Exchange may, before making the handling decision, take the following restrictive actions for the purposes of preventing the further expansion of the violation results and ensuring the enforcement of the decision of dealing with the violation case:
	1. suspending the opening of new trading codes;
	2. restricting the withdrawal of funds;
	3. restricting the deposits in funds;
	4. restricting the delivery business of the designated delivery warehouse or the designated vehicle board delivery sites or other delivery service providers, depository business of the designated depository banks or the information technology service business of the information technology service providers;
	5. reducing the position limit, hedging position limits, arbitrage position limits or the limits of standard warehouse receipt;
	6. restricting the opening of positions;
	7. increasing the margin standard;
	8. ordering close-out within designated time limit; and
	9. implementing forced liquidation.

The Exchange shall, after taking actions under items (7) to (9), report to CSRC in a timely manner.

In case of taking restrictive actions, the Exchange shall notify the parties concerned in writing, recorded telephone or other recordable methods and specify the basis for taking such restrictive actions.

**Chapter III Handling of Violation**

1. For multiple rule violations conducted by the same party at one time, each rule violation shall be confirmed and sanctioned separately. For a recidivist, a heavier or aggravated punishment shall be imposed.

Where a unit conducts any of the rule violations stipulated in the Measures, the Exchange may deal with the directly responsible persons in charge and other directly responsible persons in accordance with the relevant provisions.

1. A Futures Company Member who commits any of the following acts in violation of the brokerage business management rules shall be ordered to make rectification and be subject to confiscation of any gains arising from the violation. The Exchange may impose the following disciplinary sanctions depending on the severity of the violation, such as warning, reprimand, public censure, forced position liquidation, suspension from opening new positions for less than 12 months, suspension of part of its futures or options business, revocation of membership, being declared as "prohibited market accessor". In addition, a fine of less than CNY five hundred thousand (500,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY one hundred thousand (100,000); where the proceeds from the violation are no less than CNY one hundred thousand (100,000), a fine of one time to five times the amount of the proceeds may be imposed:
	1. conducting futures trading for a client who fails to fulfill the account opening procedures or fails to meet the specified requirements for the account opening procedures as prescribed;
	2. violating the trading code management rules;
	3. opening an account for an ineligible client without performing its statutory duty of examination and verification;
	4. failing to perform the obligations of trader suitability management as prescribed;
	5. failing to explain the risk of futures trading to a client truthfully or failing to have the client to sign the risk disclosure statement;
	6. guaranteeing profits to the clients or entering into a private agreement with a client to share profits or losses;
	7. conducting trading for the Member itself or any third party without complying with relevant provisions;
	8. failing to trade as instructed by the client, or intentionally curbing, delaying or changing the execution of the client's order, or inducing or forcing a client to conduct the trade;
	9. failing to send the clients’ orders to the Exchange and matching or netting clients’ orders off the Exchange;
	10. failing to segregate the clients' funds from the Member's own funds;
	11. delaying the client's withdrawal of funds without justified reason;
	12. permitting a client without sufficient margin or premium to opening positions for trading, or accepting a client's exercise application when the option buyer's client has insufficient funds;
	13. misappropriating or allowing others to misappropriate the clients' funds or misusing funds from different Client accounts;
	14. intentionally fabricating or spreading false or misleading information to misguide others;
	15. disclosing the matters entrusted by the client or other trading secrets;
	16. failing to provide the clients with the relevant transaction results or fund settlement statement as prescribed by relevant rules; or
	17. any other acts in violation of the relevant regulations and rules related to brokerage business prescribed by CSRC or the Exchange.
2. An Overseas Special Brokerage Participant (the "**OSBP**") who commits any of the following acts in violation of the brokerage business management rules shall be required to make rectifications, and be subject to confiscation of any gains arising from the violation. The Exchange may impose the following disciplinary sanctions depending on the severity of the violation, such as warning, reprimand, public censure, forced position liquidation, suspension from opening new positions for less than twelve (12) months, suspension of part of its futures or options business, revocation of membership, being declared as "prohibited market accessor". In addition, a fine of less than CNY five hundred thousand (500,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY one hundred thousand (100,000); where the proceeds from the violation are greater than CNY one hundred thousand (100,000), a fine of one (1) time to five (5) times the amount of the proceeds may be imposed:

(1) conducting futures trading for a client who fails to fulfill the account opening procedures or fails to meet the specified requirements for the account opening procedures;

(2) violating the trading code regulations;

(3) opening an account for an ineligible client without performing its duty of examination and verification;

(4) failing to perform the obligations of trader suitability management as prescribed;

(5) having not truthfully explained to a client the risk of futures trading or having not had a client sign the risk disclosure statement;

(6) conducting trading for the OSBP itself or any third party without complying with relevant provisions;

(7) failing to trade as instructed by the client, or intentionally curbing, delaying or changing the execution of the client's order, or inducing or forcing a client to trade;

(8) failing to send the clients’ orders to the Exchange and matching or netting clients’ orders off the Exchange;

(9) failing to segregate the clients' funds from the OSBP’s own funds;

(10) intentionally fabricating or spreading false or misleading information to misguide others;

(11) disclosing the matters entrusted by the client or other confidential information in relation to trading;

(12) failing to provide the clients with the statement of transaction results or fund settlement according to the relevant rules; or

(13) any other acts in violation of the regulations and rules on the brokerage business prescribed by CSRC and the Exchange.

1. A Member or OSP, who commits any of the following acts shall be ordered to make rectification, and the Exchange may impose the following disciplinary sanctions depending on the severity of the violation, such as warning, reprimand, public censure, suspension of opening positions for trading for less than twelve months, suspension of part of its futures or options business, revocation of corresponding qualification:
2. failing to perform the reporting obligations as required by the Exchange;
3. failing to submit the financial statements and other relevant materials to the Exchange within the required period;
4. failing to perform the reporting obligations in accordance with the large trader position report rules, or submitting the report with falsifying information or concealing the information intentionally;
5. failing to assist the Exchange in implementing restrictive actions, disciplinary sanctions or any other measures of self-regulatory management against any of its clients;
6. failing to timely pay the annual membership fees or other related fees required by the Exchange;
7. failing to maintain and preserve the records of trading, clearing, delivery, financial or accounting data as prescribed;
8. forging, altering, or purchasing/selling varied certificates or approval documents;
9. privately transferring or disposing of the qualification or trading seat of a Member or OSP;
10. committing such illegal activities as money laundering and malicious currency swap via futures trading;
11. failing to fulfill the obligations of client transaction terminal information collection and access authentication as prescribed;
12. failing to fulfill the client management obligations as prescribed;
13. failing to fulfill the obligation of filing of the Overseas Intermediaries as prescribed; or
14. other actions violating the laws, regulations, rules of the State or the Bylaws or other applicable provisions of the Exchange.
15. Where a Member or OSP fails to implement forced liquidation without due reason within the prescribed period, the Exchange may impose the disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of opening positions for trading for a period less than twelve (12) months, suspension of part of futures or options business, and a fine of no more than CNY five hundred thousand (500,000) may be imposed additionally.
16. A member who commits any of the following acts in violation of the Exchange's clearing management rules shall be ordered to make rectification, and the Exchange may impose the disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of opening positions for trading for a period less than twelve (12) months, suspension of part of futures and options business, revocation of membership, and a fine of no more than CNY five hundred thousand (500,000) may be imposed additionally:
17. failing to pay sufficient margin in time;
18. providing inaccurate and incomplete records in the daily clearing report, monthly trading statement or other clearing documents;
19. failing to manage the margins in segregated accounts as prescribed;
20. failing to conduct daily clearing as prescribed;
21. forging or fabricating the trading records, financial statements or accounting books;
22. issuing false invoices or other falsified bills or instruments; or
23. any other violation against the Exchange's clearing management provisions.
24. In case any of the following circumstances occurs to an Overseas Intermediary, it shall be ordered to make rectification and the Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, cancelling the filing of the Overseas Intermediary:
	1. refusing to cooperate with the Exchange to conduct investigation against the rule violation of a client;
	2. failing to fulfill the obligations of the trader suitability management as prescribed; or
	3. violating other provisions of the Exchange with respect to the Overseas Intermediaries.

In case the Overseas Intermediary is involved in any of the foregoing circumstances and fails to rectify within the prescribed time limit, or is suspected of violating laws and regulations or encounter significant risks, which may endanger the stable operation of the futures market or harm the client's lawful rights or interests, the Exchange may require the Futures Company Member or OSBP to suspend or terminate the entrustment business with such Overseas Intermediary.

An Overseas Intermediary of which the entrustment agency business with the Futures Company Member or OSBP has been suspended or terminated shall not act on behalf of any new client or open any new position. If a client requests transfer of its position to another broker, such Overseas Intermediary shall cooperate to complete such transfer.

1. The Members, OSPs, Overseas Intermediaries or clients that provide or assist to provide false documents during the hedging or arbitrage declaration, or violate other rules of the Exchange on hedging or arbitrage trading shall be ordered to make rectification and be subject to confiscation of any gains arising from the violation, and the Exchange may impose disciplinary sanctions, depending on the severity of the violation such as warning, reprimand, public censure, suspending acceptance of applications for hedging or arbitrage business, adjusting or canceling the hedging or arbitrage position limit, suspension of opening positions for trading for a period less than twelve (12) months, suspension of part of its futures or options business, forced position liquidation, cancellation of corresponding qualification, being declared as "prohibited market accessor", and a fine of less than 5% of the total value of the hedging positions or arbitrage positions that are approved may be imposed additionally.
2. Any of the futures market participants such as the Non-Futures Company Members, Overseas Special non-Brokerage Participants (the "**OSNBPs**"), market makers or clients who commits any of the following activities in violation of the Exchange's position management rules shall be subject to rectification and confiscation of any gains arising from the violation. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, forced liquidation, suspension of opening positions for trading for a period of less than twelve months, suspension of part of futures or options business, cancellation of corresponding qualification, and a fine of less than 5% of the total value of illegal positions may be imposed additionally:
3. evading the Exchange’s position limits by splitting positions between accounts or other improper means;
4. holding over-limit positions and being subject to the forced positon liquidation executed by the Exchange, except for those that cannot be closed-out in a timely manner due to price limit restriction or other market conditions;
5. holding over-limit positions for multiple times in the approaching delivery month or delivery month; or
6. other acts in violation of the position management regulations of the Exchange.

Where a Futures Company Member, an OSBP or an Overseas Intermediary fails to convey the position management regulations of the Exchange to the clients in a timely, accurate and complete manner, the Exchange may impose corresponding disciplinary sanctions by reference to the provisions of the preceding paragraph.

1. The futures market participant such as a non-Futures Company Member, an OSNBP, a market maker or a client that uses improper means to circumvent the Exchange's trading volume limit system and trades exceeding the limit shall be ordered to make rectification and be subject to confiscation of any gains arising from the violation. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, forced liquidation, suspension of opening positions for trading for a period less than twelve months, suspension of part of futures or options business, cancellation of corresponding qualification, and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally.
2. The futures market participant such as a Non-Futures Company Member, an OSNBP or a client that conducts any of the following acts in violation of the Exchange's rules on management of accounts involving actual control relationship shall be ordered to make rectification. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of opening positions for trading for less than twelve months, suspension of part of futures or options business, cancellation of corresponding qualification, and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally:
3. having an actual control relationship but refusing to report honestly;
4. refusing to reply without justifiable reasons or failing to honestly reply to the Exchange's inquiry or investigation, concealing the fact or truth or deliberately evading the reply thereof;
5. providing false materials to apply for release of the actual control relationship; or
6. other actions in violation of the Exchange's rules on management of accounts involving actual control relationship.

Where a Member, an OSBP or an Overseas Intermediary fails to perform the management duties on the clients' accounts involving actual control relationship, inducing or assisting the clients to provide false materials or conceal the fact or truth, the Exchange may impose corresponding disciplinary sanctions by reference to the provisions of the preceding paragraph.

1. For any futures market participant who commits any of following acts in violation of the Exchange's rules for information management, system management or facility management such as trading communication facility shall be ordered to make rectification. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of opening positions for trading for a period of less than twelve months, suspension of part of futures or options business, revocation of its corresponding qualification, and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally:
2. disclosing the Exchange's information without the Exchange's authorization;
3. using the trading or other communication facilities at another Member's trading seat without permission;
4. using its trading seats to steal the data concerning transactions, funds settlement, warehouse receipt information and other business secrets of others illegally;
5. destroying or failing to use the management systems of trading, clearing, delivery and standard warehouse receipt of the Exchange as required, which disturbs the normal operation of the systems;
6. violating the Exchange's information system access management rules; or
7. other acts in violation of the Exchange's rules on the information management, system management or facility management such as the trading communication facility.
8. Any of the Members, OSPs, Overseas Intermediaries or clients who commits the violation of the Exchange's rules when participating in the standard warehouse receipt trading business shall be ordered to make rectification, and the Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of the engagement in standard warehouse receipt business, cancellation of corresponding qualification, and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally.
9. Any of the futures market participants who commits the following acts in violation of the Exchange's trading code management rules shall be ordered to make rectification and be subject to confiscation of any gains arising from the violation. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, forced liquidation, suspension of opening positions for trading for a period of less than twelve months, suspension of part of futures or options business， cancellation of corresponding qualification, and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally:
10. opening account by providing or assisting to provide the false account-opening materials;
11. market makers leasing out or lending their market-making trading codes to others or entitling others to use their market-making trading codes to make markets, or using their market-making trading codes to conduct trading irrelevant to market making;
12. using others' market-making trading codes to make markets for others;
13. stealing, defrauding or borrowing others' trading codes to implement the rule violations;
14. lending or failing to properly keep the trading codes, leading to the trading codes being used by others to conduct the rule violations;
15. other acts in violation of the Exchange's rules on the trading codes management.
16. Any of the futures market participant who commits any of the following acts in violation of the trading management rules shall be ordered to make rectification and be subject to confiscation of any gains arising from the violation. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, forced liquidation, suspension of opening positions for trading for a period of less than twelve months, suspension of part of futures or options business, cancellation of corresponding qualification, being declared as "prohibited market accessor". In addition, a fine of less than CNY five hundred thousand (500,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY one hundred thousand (100,000); where the proceeds from the violation are no less than CNY one hundred thousand (100,000), a fine of one time to five times the amount of the proceeds may be imposed:
17. taking an advantage in capital, position or information, alone or in conspiracy, to continuously or jointly purchase or sell contracts in order to affects, or attempt to affect, the futures trading price or volume thereof;
18. using improper methods, alone or in conspiracy, to evade the Exchange's position limits and hold over-limit positions, thereby affecting or attempting to affect the futures trading prices, or disturbing the market order;
19. conducting transactions with each other at the time, price or method agreed or arranged in advance, thereby to affect or attempt to affect the futures trading price or volume, or to transfer funds between accounts, to disturb the market order or to seek improper profits;
20. bidding or offering with the intent to cancel the orders before execution, conducting the transaction which is opposite to the original direction of the orders or other means to seek relevant interests, thereby affecting or attempting to affect the futures trading price or volume, misleading other market participants, increasing the system load, or disturbing the market order;
21. making transactions between accounts within one's actual control, thereby affecting or attempting to affect futures trading price or volume, transferring funds between accounts, disturbing the market order or seeking improper profits;
22. an insider with the futures trading insider information or any person unlawfully obtaining the futures trading insider information, prior to the publication of information that has significant influence on the futures trading price, using the insider information to conduct futures trading, or divulging insider information to others so that others may use the insider information to conduct futures trading;
23. taking measure such as stockpiling the underlying commodities, falsely occupying the capacity of the designated delivery warehouses, or controlling significant amounts of standard warehouse receipts, thereby affecting or attempting to affect the futures market prices or physical deliveries;
24. fabricating or spreading false information, misleading information, or uncertain significant information to affect the futures trading price or volume, and conducting relevant transactions or seeking improper benefits;
25. making public evaluation, forecasting or investment advice on contracts or underlying commodities of contracts to affect the futures trading price or volume, and conducting the futures trading that is opposite to its evaluation, forecasting or investment advice or seeking improper benefits;
26. placing trading orders by means of program trading, thereby affecting the security of the Exchange system or disturbing the normal trading order;
27. conducting exchange of futures for physicals without good will, thereby disturbing the market order; or
28. any other act that is in violation the applicable trading management rules of the CSRC and the Exchange, affecting or attempting to affect the futures trading price or quantity, or disturbing the futures market order.
29. Any futures market participant that fabricates or spreads false information or misleading information to damage the reputation of the Exchange or disturb the order of the futures market shall be ordered to make rectification. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, forced liquidation, suspension of opening positions for trading for less than twelve months, suspension of part of futures or options business, cancellation of corresponding qualification, being declared as "prohibited market accessor", and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally.
30. In case any of the following acts conducted by the futures market participant, the Exchange may adjust the then-current day settlement price and the delivery settlement price:
31. conducting transactions between accounts under its actual control, which significantly affects the then-current day settlement price, the delivery settlement price or the options execution results; or
32. any other violation that results in abnormal fluctuation of the futures trading price or instant and significant deviation from the market price, which significantly affects the then-current day settlement price, the delivery settlement price or the options execution results.
33. In case the Exchange discovers through filed investigation that any of the futures market participants is involved in any of the following illegal acts, the Exchange shall timely report to CSRC and request filing for inspection, and may take restrictive actions such as restricting the withdrawal of funds, suspending position opening for trading:
34. manipulating the market;
35. insider trading;
36. fabricating or spreading the false information; or
37. any other act that is suspected to be illegal.
38. A floor trader that has committed any of the following acts shall be ordered to make rectification. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspending his/her trading privilege in the trading hall for less than twelve months, revoking his/her qualification of Floor Trader, and a fine of more than CNY one thousand (1,000) and less than CNY ten thousand (10,000) may be imposed additionally:
39. violating the regulations of the Exchange related to the management of the trading hall;
40. failing to observe the operating procedures and damaging the trading system;
41. disassembling or moving equipment(s) in the trading hall without authorization, or installing a telephone line or other equipment without permission;
42. falsifying, deceiving or using other dishonest means to obtain the qualification of floor trader;
43. forging, tampering with or borrowing floor trader certifications; or
44. accepting the entrustment order from any other unit or individual other than the unit itself and conducting trading.

In case the floor trader conducts the acts under items (2) or (3) in the preceding paragraph which cause damages, the Member which appoints such floor trader shall be responsible for compensation.

1. Any of the clearing and delivery clerk who commits the following acts shall be ordered to make rectification. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of the qualification as a clearing and delivery clerk for a period of less than twelve months or revocation of the qualification, and a fine of more than CNY one thousand (1,000) but less than CNY ten thousand (10,000) may be imposed additionally:
2. obtaining the clearing delivery clerk qualification through false, fraudulent or other improper means; or
3. forging, tampering with or borrowing a clearing delivery clerk certificate.

The Member unit where the clearing and delivery clerk works shall bear the corresponding liabilities if it is found to be at fault.

1. Any of the designated delivery warehouse which commits any of the following acts shall be subject to rectification and confiscation of any gains arising from the violation. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand or public censure, suspension of delivery business, disqualification as a designated warehouse, being declared as "prohibited market accessor". In addition, a fine of less than CNY five hundred thousand (500,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation are less than CNY one hundred thousand (100,000); where the proceeds from the violation are greater than CNY one hundred thousand (100,000), a fine of one time to five times the amount of the proceeds may be imposed:
2. participating in futures trading in violation of the applicable rules of the State;
3. issuing falsified warehouse receipt;
4. making any report, representation, explanation or statement that is false, misleading, or in which important facts are intentionally concealed or omitted;
5. moving, handling, stealing and selling the delivery commodities with authorization;
6. divulging any futures warehousing information which should be kept confidential, or disseminating false information which may mislead the market participant;
7. failing to report to the Exchange in a timely manner or disclose to the market pursuant to the requirements of the Exchange the risk events such as the changes of warehousing sites, seizure or detention of the delivery commodities or warehousing facilities by the judicial authorities, or severe damage or loss of the delivery commodities;
8. affecting or attempting to affect the futures market prices jointly with others;
9. failing to ensure the brand name, trademark, specification, or quality of the commodities listed in the standard warehouse receipt is consistent with the commodity represented by the warehouse receipt;
10. delivering a commodity that is not consistent with the description on the receipt or any other certificate;
11. absence or shortage of the required supporting documents for delivering the commodities;
12. inconformity of the packaging, storage and other specifications to the Exchange's requirements;
13. issuing a warehouse receipt without completion of the required inspections;
14. failing to verify the information in the standard warehouse receipt management system, or failing to timely and effectively maintain the inventory or other data, thereby causing serious consequences;
15. receiving or delivering wrong commodities;
16. improper storage or preservation causing the commodity to deteriorate in quality or diminish in size;
17. damaging the packing of commodities or commodities per se during the processes of transporting, loading and unloading or stocking, or other operations;
18. overcharging unreasonable fees for delivering the commodities;
19. intentionally interfering with the buyer or the seller so as to cause a buyer or seller to commit defaults;
20. violating the delivery rules, restricting or intentionally deferring transportations of delivered commodities in or out of the warehouse;
21. refusing to cooperate with or impeding the Exchange to exercise its supervisory and inspection duties in accordance with laws and regulations;
22. failing to provide the minimum guaranteed storage capacity in accordance with the agreement without any justified reason;
23. failing to timely deliver the goods, or refusing to cooperate with the designated quality inspection agency to make inspection, without justified reason; or
24. any other act in violation of CSRC or the Exchange's provisions.

The designated vehicle board delivery sites and other delivery service providers which have committed any of the violations listed in the previous paragraph shall be handled pursuant to provisions of the previous paragraph.

1. Any of the futures market participants which breaches the contract in the physical delivery or uses other improper means to disturb the normal order of physical delivery shall be ordered to make rectification. The Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of opening positions for trading for less than twelve months, suspension of part of its futures or options business, and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally.
2. In case any designated quality inspection agency conducts any of the following acts, it shall be subject to rectification, and the Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of the designated examination business, cancellation of the qualification of being the designated quality inspection agency, and a fine of no more than CNY five hundred thousand (500,000) may be imposed additionally:
3. conducting the measurement or inspections in violation of the applicable rules;
4. issuing, or assisting in issuing falsified inspection report;
5. refusing to cooperate with the designated delivery warehouse or owner of the commodities to conduct timely inspection without justified reason, and thus affecting the normal operation of loading or unloading in the warehouse; or
6. any other act that is in violation of the Exchange's rules related to the management of the designated quality inspection agencies.
7. In case a designated depository bank fails to perform relevant obligations of the designated depository bank under the *Measures for Clearing Management of Dalian Commodity Exchange*, the *Measures for Management of Designated Depository Banks of Dalian Commodity Exchange* and other business rules, it shall be ordered to make rectification, and the Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of part of depository business, cancellation of the qualification of being the designated depository bank, and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally.
8. Any of the futures market participants which disturbs the trading management order through varied means shall be subject to rectification, and the Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of opening positions for trading for a period of less than twelve months, suspension of part of futures or options business, cancellation of the corresponding qualification, being declared as "prohibited market accessor", and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally.
9. In case a futures market participant conducts any of the following acts, it shall be ordered to make rectification, and the Exchange may impose disciplinary sanctions depending on the severity of the violation such as warning, reprimand, public censure, suspension of opening positions for trading for a period of less than twelve months, suspension of part of futures or options business, cancellation of the corresponding qualification, being declared as "prohibited market accessor", and a fine of less than CNY five hundred thousand (500,000) may be imposed additionally:
10. refusing, impeding or delaying to cooperate in any examination or investigation by the Exchange, or violating its confidentiality obligation;
11. failing to accept the investigation, examination or appointment talk at the time and in the manner required by the Exchange without any justified reason;
12. making any report, representation, explanation or statement which is fraudulent, misleading or contains material omission, or providing any false document, material or information;
13. failing to implement the disciplinary sanction decisions, restrictive actions or other self-regulatory management actions taken by the Exchange; or
14. failing to comply with relevant provisions of the Exchange's risk warning system or rectification requirements.

**Chapter IV Verdict and Enforcement**

1. After the Exchange investigates and verifies the suspected violations, if the facts are clear and the evidence is conclusive, the Exchange shall make a decision in accordance with the Bylaws, the Trading Rules and the Measures, and impose disciplinary sanctions or other self-regulatory management measures on the futures market participants that commit violations.

The disciplinary sanctions shall be decided on and implemented by the Exchange, and other self-regulatory management measures shall be decided on and implemented by the Exchange or the departments designated by the Exchange.

1. The Exchange shall establish the disciplinary sanction hearing organization, which shall hear the violation cases on which disciplinary sanctions are to be given.
2. Disciplinary sanctions of the revocation of membership or OSP qualification or declaration of "prohibited market accessor" shall be determined by the Board of Governors of the Exchange.
3. The Exchange shall issue a written notice of decision on disciplinary sanctions.

The written notice of decision on disciplinary sanctions shall mainly contain the following contents:

1. the name or designation, domicile of the party involved;
2. facts and supporting evidence of the violation;
3. the category and basis of the decision on disciplinary sanctions;
4. the enforcement methods and effective period of the decision on disciplinary sanctions;
5. the methods and period of lodging for review in case of refusal to decision on disciplinary sanctions; and
6. the date when the decision on disciplinary sanctions is made.
7. The Exchange shall send the written notice of decision on disciplinary sanctions to parties concerned, copy and report to CSRC. The Exchange may directly serve or entrust other institutions to serve the written notice of decision on disciplinary sanctions and the service methods include the mail service, the data message and the announcement service.

Where the written notice is served by mail, the written notice shall be deemed to have been served within five trading days in the People's Republic of China, within 10 trading days abroad from the date of mailing. Where the written notice is served by data message, the written notice shall be deemed to have been served upon entering the specific system of the party concerned.

If the whereabouts of the party concerned are unknown, or such parties avoid or evade the service, or fail to be served by other means. The Exchange may release an announcement on the website of the Exchange, and the announcement shall be deemed to have been served upon expiration of 10 trading days from the date of announcement.

In case of service by two or more methods listed above, the earliest date on which the written notice is served shall be deemed as the date of service.

The mailing address, fax number, telephone number, e-mail address and other contact information of the party concerned shall be subject to the records in the unified account opening system of futures market. If the contact information retained by the parties concerned is inaccurate or the information change is not reported to the Exchange in writing, it shall bear the corresponding consequences of failing to receive the written notice of decision on disciplinary sanctions.

The documents, notices and materials related to the investigation and handling of violations by the Exchange may be served as per the preceding paragraph.

1. The Exchange's decision on disciplinary sanctions shall come into effect on the date the notice is deemed served.

The party concerned may apply for the review of the decision in writing to the Exchange one (1) time only within ten (10) trading days from the effective date of the written decision on disciplinary sanctions. The enforcement of the decision on disciplinary sanctions shall not be suspended during the period of review.

1. The Exchange shall make a decision on the review within two (2) months from the date on which it receives the review application. The decision on the review shall be final and binding.
2. The futures market participant shall implement or cooperate with the implementation of decisions of the Exchange on disciplinary sanctions. If the futures market participant fails to perform or cooperate in performing its relevant obligation under the decision on disciplinary sanctions, the Exchange may enforce its performance.
3. If a fine or confiscation is included in a decision on disciplinary sanctions, the parties concerned shall pay the amount of the fine or confiscation to the account designated by the Exchange within five (5) trading days as of the effective date of the disciplinary sanction decision.

The fine or confiscation imposed against an employee of the Member shall be paid by the Member on behalf of the employee; the fine or confiscation imposed against an employee of the designated delivery warehouse shall be paid by the designated delivery warehouse on behalf of the employee. If the designated delivery warehouse fails to pay the fine or confiscation within the prescribed time limit, the Exchange may deduct the amount from the designated delivery warehouse's risk margin.

The Members, OSPs, and the Overseas Intermediaries shall cooperate with the Exchange in the enforcement of the disciplinary sanctions against their clients and the market makers and help to deduct the funds of the relevant client and the market maker from its deposit at its Member.

If a futures market participant fails to pay fine or confiscation within the prescribed time limit, the Exchange may take the measures such as suspending from opening new positions, suspending part of its futures or options business, until the participant pays the fine or confiscation.

1. Whoever has been declared as "prohibited market accessor" by the Exchange shall close out its open interests, wind up its trading business, and settle all credits and debts within twenty (20) trading days after the effectiveness date of the announcement. If it fails to close out its positions within prescribed time limit, the Exchange will implement the forced liquidation.

Whoever has been declared as "prohibited market accessor" or "market undesirable person" by CSRC or other futures exchange(s) must not conduct any futures or options business on the Exchange during the time period when the prohibition stays effective, and its open interests in the Exchange shall be handled as per the preceding paragraph.

1. The Exchange may, in light of the actual circumstances, publish the disciplinary sanctions imposed on the futures market participants on the website of the Exchange or by other means, and record them in the credit files of the securities and futures market in accordance with the relevant provisions of CSRC.

**Chapter V Dispute and Mediation**

1. Any disputes in futures business between the futures market participants may be settled through their own negotiations or submitted to the Exchange for mediation.
2. The Exchange's mediation organization shall be the Mediation Committee under the Board of Governors of the Exchange, and standing office is located in the legal department of the Exchange.
3. The mediation shall be conducted on the basis of clear facts and definite responsibilities pursuant to the national laws and regulations related to futures trading and the Exchange's regulations and policies.
4. An application for mediation shall satisfy the following conditions:
5. having a written mediation application;
6. having specific facts, reason(s) and intended claim for mediation;
7. the dispute matter being within the mediation scope of the Mediation Committee.
8. The party concerned shall submit a written application along with supporting documents while applying to the Mediation Committee for mediation.

The written mediation application shall be filled with the following items:

1. the name or title, ID card number or unified social credit code, resident or contact address, phone number, etc.;
2. specific facts, reasons and intended claim for mediation;
3. relevant evidence.
4. After receiving the application for mediation, the Mediation Committee of the Exchange shall carefully review whether the relevant materials meet the requirements, and notify the parties concerned in writing whether to accept the application or not.
5. The Mediation Committee of the Exchange will not accept an application for mediation under any of the following circumstances:
6. the party concerned has filed a lawsuit with the people's court;
7. the party concerned has applied for arbitration to the arbitration institution;
8. one party concerned requests mediation while the other party refuses to mediate;
9. other circumstances under which the mediation committee of the Exchange decides not to accept the application.
10. The Mediation Committee of the Exchange shall complete the mediation within two months of the date of acceptance of the application for mediation. In case the situation is complicated and the mediation cannot be completed within the specified time period, the mediation can continue with the consent of both parties. If no agreement is reached on the continuance of the mediation, the mediation shall be terminated.
11. In any of the following circumstances, the Mediation Committee of the Exchange may terminate the mediation:
12. the parties concerned refuse to participate in the mediation or quit the mediation without permission;
13. the mediation matter involves the substantial interests of the third party, and the third party refuses to participate in the mediation or disagrees with the outcome of the mediation;
14. the parties concerned file a lawsuit separately or apply for arbitration on the mediated issue during the mediation period;
15. one of the parties concerned requests for termination of the mediation within the mediation time period;
16. the mediation parties fail to reach a mediation agreement within the prescribed time period; or
17. other circumstances that the Mediation Committee deems necessary to terminate the mediation.
18. The parties concerned shall bear the burden of proof pursuant to the relevant provisions. The Mediation Committee may investigate and gather evidence by itself at discretion.
19. The Mediation Committee shall conduct the mediation on the basis of ascertaining the facts, distinguishing right from wrong and voluntariness of the parties concerned, and promote the mutual understanding of the parties and assist the parties to reach an agreement.
20. Any agreement reached through mediation shall be filed on record and documented in a written mediation statement. A written mediation statement shall not take effect until it has been signed by both concerned parties and the mediator and sealed by the Mediation Committee.
21. In case the mediation fails to reach an agreement, the parties concerned may submit the dispute to an arbitral institution for arbitration, or to the court for litigation.

**Chapter VI Supplementary Provisions**

1. Unless otherwise prescribed by the specific articles, the "futures market", "futures business", and "futures trading" referred to in the Measures shall include options-related activities.

For the purpose of the Measures, the designated delivery warehouses include designated warehouses and designated factories.

1. The terms "no less than" and "no more than" herein shall include the number immediately following them.

The currency unit herein shall be CNY. In case of foreign currency funds, the CNY amounts shall be determined as per the then-current exchange rate when such behavior takes place.

1. The right to interpret the Measures shall vest in the Dalian Commodity Exchange.
2. The Measures shall come into force as of the date of promulgation.

***Disclaimer****: This English translation may be used for reference only. In cases there is any discrepancy between the English version and the original Chinese version, the original Chinese version shall prevail. Dalian Commodity Exchange may change or update this English translation without any prior notice and shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or change with regard to this English translation*.