Detailed Rules for Futures Clearing of Zhengzhou Commodity Exchange

Chapter 1 General Provisions

Article 1 These Detailed Rules are formulated in accordance with the Trading Rules of Zhengzhou Commodity Exchange for the purposes of regulating the clearing activities of Zhengzhou Commodity Exchange (hereinafter “the Exchange”), protecting the legitimate rights of the parties involved in futures clearing and the interests of the public and managing and mitigating the risks of the futures market.

Article 2 Clearing shall refer to the process of calculating and transferring of margin, profit/loss, service charge, delivery payment for commodities and other relevant funds of the members according to the trading results and relevant rules of the Exchange.

Article 3 As a central counterparty, the Exchange shall carry out centralized clearing on futures trading. With respect to the centralized clearing, the Exchange shall implement the margin requirement system, mark-to-market system and risk reserve fund system.

Article 4 The Exchange shall conduct clearing for all members. The futures brokerage members (hereinafter “FB Members”) shall conduct clearing for their clients and overseas brokers, and overseas brokers shall conduct clearing for their clients.

Article 5 These Detailed Rules shall be applicable to all futures clearing business of the Exchange. The Exchange and its staff, members and their staff, overseas brokers and their staff, clients, designated futures margin depository banks (hereinafter “depository banks”) designated by the Exchange and their staff shall comply with these Detailed Rules.

Chapter 2 Clearing Agency

Article 6 Clearing agency shall include the Clearing Department of the Exchange and the clearing departments of the Exchange’s members.

Article 7 The Clearing Department of the Exchange shall be responsible for the centralized clearing of futures trading and delivery, the management of margin and risk reserve fund, and the prevention of clearing risks.

All contracts traded in the trading system of the Exchange shall be cleared through the Clearing Department.

Article 8 Principal duties of the Clearing Department of the Exchange shall include:

I. produce clearing ledger for the Exchange’s members;

II. handle fund transfer;

III. record, register and report all clearing statistics;

IV. settle financial disputes occurred in clearing between members;

V. conduct clearing for delivery activities;

VI. manage clearing risks;

VII. manage margin in accordance with relevant regulations;

VIII. conduct other businesses related to clearing in accordance with relevant rules.

Article 9 The Exchange may, in accordance with business rules, inspect any material related to futures trading of members, overseas brokers and clients, including the trading records, clearing documents, financial statements and relevant certificates and account books, and such members, overseas brokers and clients shall cooperate with the Exchange.

Article 10 Members of the Exchange shall establish clearing departments. The clearing departments of FB members shall be responsible for the clearing between members and the Exchange, members and their clients, and members and overseas brokers. The clearing departments of non-FB members shall be responsible for the clearing between members and the Exchange.

The clearing departments of members shall properly keep the trading records, clearing documents, financial statements and other certificates and account books for enquiry and verification in the future.

Article 11 Relevant clearing bodies and their staff shall not disclose any confidential information regarding the clearing activities.

Chapter 3 Margin

Section 1 Margin Account Opening and Management

Article 12 A depository bank shall refer to a banking financial institution designated by the Exchange to assist in the clearing of futures products.

The Exchange shall have the right to supervise over depository banks' clearing business.

The depository banks shall comply with the Measures for the Administration of Depository Banks Designated by Zhengzhou Commodity Exchange and other regulations of the Exchange.

Article 13 The Exchange shall, depending on business needs, open special clearing accounts denominated in different currencies at designated depository banks to deposit margins and other relevant funds of members.

Article 14 Members shall, depending on business needs, open special accounts denominated in different currencies at designated depository banks to deposit margins and other relevant funds. The special margin accounts that the members opened at the branches of designated depository banks according to the Exchange's requirements shall be the special fund accounts of members.

Article 15 The transfer of the funds related to futures business between the Exchange and a member shall be executed between the special clearing account of the Exchange and the special fund account of the member.

Article 16 The Exchange shall separately manage the margins deposited by members in the Exchange's special clearing accounts, and shall set up subsidiary accounts for each member respectively to register and calculate the member's deposits and withdrawals, profits and losses, trading margin and service charges on a daily basis.

Article 17 An FB member shall manage the margins deposited by their clients and overseas brokers separately, and shall set up subsidiary accounts for each client and overseas broker respectively to register and calculate the client's and the overseas broker's deposits and withdrawals, profits and losses, margin and service charges on a daily basis. The transfer of funds related to futures business between an FB Member and its clients or overseas brokers shall be executed through the special margin account of the FB Member.

An FB member may, in an overseas broker's name, internally open an omnibus capital account into which the overseas broker may consolidate one or more overseas clients' funds. The FB member shall conduct clearing and risk management for the overseas broker through the omnibus capital account.

An overseas broker shall manage the margins deposited by their overseas clients separately, and shall set up subsidiary accounts for each overseas client respectively to register and calculate the overseas client's deposits and withdrawals, profits and losses, margin and service charges on a daily basis.

Article 18 Members shall submit relevant documents such as Authorization Letter of the Use of Seals for the opening of the special fund account, and such documents shall be verified and approved by the Exchange before submitting to depository banks. A member shall submit the Application Form for the Opening of Special Fund Accounts of Members of Zhengzhou Commodity Exchange to the Exchange for the use of fund management system.

The Exchange shall be entitled to instruct the depository banks to charge any account receivables from members' special fund accounts without notifying such members beforehand. The Exchange shall have the right to inquire about the fund status of such accounts at any time.

Article 19 The official seal, financial seal, legal representative's seal and/or the seal of authorized person prescribed in the Authorization Letter of the Use of Seals and the electronic seal determined in the Application Form for the Opening of Special Fund Account of Members of Zhengzhou Commodity Exchange shall be the effective seals of members. Members shall assume responsibilities for all consequences arising from the use of the above seals.

Article 20 Members shall apply for the Exchange's approval if there are any replacement or cancellation of its special fund account, and such replacement or cancellation shall not be conducted without the approval of the Exchange.

Article 21 In case that a member changes its name or transfers its membership, it shall submit an updated Authorization Letter of the Use of Seals to the Exchange, and shall complete procedures of relevant changes in the special fund account.

Section 2 Margin Management

Article 22 Margin shall be classified into clearing reserve fund and trading margin.

China's Renminbi (hereinafter "RMB") is the clearing currency of the Exchange. With the approval of the Exchange, members may pledge assets with stable value and high liquidity such as FX funds, registered receipts and government bonds as margins.

Article 23 Clearing reserve fund shall refer to the fund pre-deposited by a member into the Exchange's special clearing account for the purpose of futures trading and clearing which is not yet used as margin for the positions held by such member.

Each FB member shall at all times maintain a minimum clearing reserve fund of CNY 2,000,000; each non-FB member shall maintain a minimum clearing reserve fund of CNY 500,000.

An FB member shall increase its minimum balance of clearing reserve fund by CNY 2,000,000 for each additional overseas broker reaching an appointment relationship with it.

A member shall use its own money in RMB to pay the minimum balance of clearing reserve funds.

Article 24 The Exchange shall calculate the interests earned by each member from the cash balances of the clearing reserve fund on a daily basis, and the interest rate shall be no lower than the demand deposit rate announced by the People's Bank of China for the same term. The Exchange shall transfer the accrued interests to each member's clearing reserve fund within the next trading day after the interest is paid by the depository banks in March, June, September and December of each year. The Exchange shall determine, adjust and publish the actual executed interest rate.

Article 25 Trading margin shall refer to the fund deposited by a member into the Exchange's special clearing account to ensure the fulfillment of a contract and such fund has already been used as margin for the positions held by the member. After a futures trade is executed, the Exchange shall collect trading margin based on the prescribed percentage of the value of the open positions or in other methods as prescribed by the Exchange.

In the case that a selling member applies for pledging registered receipts as margin and the Exchange approves such application, then the trading margin for the short positions covered by the registered receipts shall not be collected by the Exchange at clearing (excluding positions that have enjoyed trading margin incentives according to these Detailed Rules). Such selling member shall obtain authorization from its clients before submitting the application.

In the case that registered standard receipts are used for physical delivery on the last trading day, the Exchange shall automatically release such standard receipts and allow them to be matched for delivery intention.

For the products that are not allowed to be traded at the afternoon of the last trading day in delivery month, the Exchange shall not process the business of pledging the registered receipts of such products as margin on the last trading day.

The Exchange shall not process the business of pledging registered receipts as margin in night session.

Article 26 The trading margin rates for different products and periods shall be implemented according to relevant rules of the Exchange. In case that a member or a client holds both long and short positions in a futures contract of the same delivery month, the Exchange shall collect trading margins for one direction only.

Article 27 The Exchange shall collect transaction fees according to trading volume, trading turnover, quantity of newly open positions, quantity of offset positions, quantity of open interest, number of quoting volume, number of cancellation volume and the ratio between quoting volume and cancellation volume. The Exchange may adjust the transaction fees of all or some of the contracts according to market conditions.

The Exchange may reduce the amount of transaction fees collected from the members, and the specific reduction arrangements shall be prescribed by the Exchange separately and be adjusted in accordance with market conditions.

Article 28 Margins collected by FB members and overseas brokers from their clients for futures trading shall belong to the clients and shall not be misappropriated by the FB members and overseas brokers for any other purposes.

Article 29 The trading margin collected by FB members from their clients and overseas brokers shall not be less than that collected by the Exchange from members.

Chapter 4 Clearing

Section 1 Mark-To-Market System

Article 30 The Exchange shall implement the mark-to-market system.

At the close of each trading day, the Exchange shall clear the profits/losses, trading margin and transaction fees for all contracts based on the settlement prices, transfer accounts receivables and payables at the same time and increase or decrease members' clearing reserve funds accordingly.

The daily settlement price of a futures contract having filled price (hereinafter "filled contract") on the current day shall be the weighted average price of the trading prices on the current day according to the trading volume of such contract. The Exchange shall have the authority to eliminate the negative impacts of the unfair settlement prices caused by illegal trading activities. For a futures contract without a trading price (hereinafter "unfilled contract") on that day, the settlement price shall be determined according to the following methods:

I. if, by the close of the trading day, there are buying prices and selling prices of such contract in the Exchange's trading system, the settlement price of the contract on the current day shall be the median quote among the best buying price, the best selling price and the settlement price of the previous trading day;

II. in case that the quotation remains at limit up/down price for five (5) consecutive minutes before the market close of the current day, then the limit up/down price shall be the settlement price of the contract on the day.

III. except for situations in items I and II listed above, the settlement price on the current day of the unfilled contract shall be determined according to the following methods:

1. if the settlement price variation (%) of the filled contract with the lead month prior to the unfilled contract is equal to or less than the price limit of the unfilled contract on the current day, then the settlement price of the unfilled contract on the current day shall be given by:

> the settlement price of the unfilled contract on the previous trading day×(1±the settlement price variation of the filled contract with the lead month prior to the unfilled contract)

If there is no contract listed prior to the unfilled contract or no contract filled prior to the unfilled contract on the current day, the settlement price of the unfilled contract on the current day shall be calculated based on the settlement price of the most active contract and the calculation method shall be the same as aforesaid.

2. if the settlement price variation (%) of the filled contract with the lead month prior to the unfilled contract on the current day is greater than the price limit of the unfilled contract on the current day, the settlement price of the unfilled contract on the current day shall be given by:

> the settlement price of the previous trading day of the unfilled contract × (1 ± the price limit of the unfilled contract)

if there is no contract listed prior to the unfilled contract or no contract filled prior to the unfilled contract on the current day, the settlement price of the unfilled contract on the current day shall be calculated based on the settlement price of the most active contract and the calculation method shall be the same as aforesaid.

3. if there is no contract listed prior to the unfilled contract or no contract filled prior to the unfilled contract on the current day, and the most active contract also has no filled price on the current day, then the settlement price of the unfilled contract on the current day shall be equal to the settlement price of the previous trading day of the unfilled contract. In case that the settlement price determined by the above method is

far from fair price, the Exchange shall adjust such settlement price and the price limits of such contract shall be managed in accordance with relevant provisions on newly listed futures contracts.

The most active contract of the current day shall refer to the contract with the greatest value of "trading volume × trading unit". If there are two or more contracts with the same value of "trading volume × contract unit", then the one with the nearest delivery month shall be defined as the most active contract.

The Exchange may adjust the settlement price of the newly-listed contracts which have no filled prices for three (3) consecutive trading days.

Article 31 The Clearing Department of the Exchange shall calculate the profit/loss of the current day for each member based on the member's offset positions, open interest and the settlement price of each contract on the current day. The profit/loss of the current day shall be given by:

realized profit/loss + unrealized profit/loss + delivery profit/loss.

I. the Clearing Department shall calculate the realized profit/loss arising from offset positions for each member. Calculation formula for the realized profit/loss shall be as below:

the realized profit/loss = the profit/loss arising from offsetting historical positions + the profit/loss arising from day trade

The profit/loss arising from offsetting historical position shall be given by:

Σ [(price of selling long positions－settlement price of the previous trading day) × quantity of long positions sold] + Σ [(settlement price of the previous trading day－price for buying short positions) ×quantity of short positions bought]

The profit/loss arising from day trade shall be given by:

Σ [(price of closing long positions on the current day—price of opening long positions on the current day) ×quantity of long position sold on the current day]+ Σ [(price of the opening short positions on the current day—price of closing short positions on the current day) ×quantity of short position bought on the current day]

II. the Clearing Department of the Exchange shall calculate the unrealized profit/loss of open interest for each member based on the member's open interest and the settlement price of the current day. Calculation formula for the unrealized profit/loss of open interest shall be as below:

unrealized profit/loss of open interest= profit/loss of open interest established before the current day + profit/loss of open interest established on the current day

The profit/loss of open interest established before the current day shall be given by:

Σ [(settlement price of the previous trading day—settlement price of the current day) × quantity of short positions established before the current day]+ Σ [(settlement price of the current day—settlement price of the previous trading day) × quantity of long positions established before the current day]

The profit/loss of open interest established on the current day shall be given by:

Σ [(price for establishing short positions—settlement price of the current day) × quantity of short positions established on the current day] + Σ [(settlement price of the current day—price for establishing long positions) ×quantity of long positions established on the current day]

III. the Clearing Department of the Exchange shall calculate the delivery difference based on the quantity of positions to be matched for delivery, settlement price of the current day and the delivery price. Calculation formula for delivery difference shall be as below:

delivery profit / loss= Σ [(settlement price of the current day – delivery price) × quantity of short positions to be matched for delivery] + Σ [(delivery price – settlement price of the current day) × quantity of long positions to be matched for delivery]

Article 32 The profit/loss of the current day shall be credited to or debited from a member's clearing reserve fund, which is a part of the daily clearing process conducted by the Exchange.

The deficiency in the trading margin of the current day against that of the previous trading day shall be debited from the member's clearing reserve fund. The excess in the trading margin of the current day against that of the previous trading day shall be credited to the member's clearing reserve fund.

Expenses including service charges shall also be debited from the member's clearing reserve fund. All the payments including profit/loss, fees, delivery payment, taxes and option premium shall be paid in cash in RMB.

Article 33 The balance of clearing reserve fund shall be calculated as below:

the balance of clearing reserve fund of the current day = the balance of clearing reserve fund of the previous trading day + the trading margin of the previous trading day – the trading margin of the current day + the actual available value of collaterals pledged as margin of the current day – the actual available value of collaterals pledged as margin of the previous trading day + the profit/loss of the current day + option premium received on the current day–option premium paid on the current day + the deposit of funds – the withdrawal of funds – service charges and other expenses

The calculation method for the actual available value of collaterals pledged as margin is specified in Chapter 6 of these Detailed Rules.

Article 34 After the completion of clearing on the current day, the Exchange shall send clearing results to each member through member service system. If the balance of the clearing reserve fund of a member is lower than the prescribed minimum amount, then the clearing result shall be deemed as the Exchange’s margin call to the member.

After issuing the margin call, the Exchange may instruct the depository banks to debit a corresponding amount in RMB from the member’s special fund account or to convert the member’s foreign currency funds in the special fund account into RMB before debiting them from the account to make up the difference.

A member shall make up the difference between the actual clearing reserve fund and the stipulated minimum amount before the market open of the next trading day. If the member fails to do so and the balance of the clearing reserve fund is greater than zero but less than the stipulated minimum amount of the clearing reserve fund, then the member shall not establish new positions. If the balance of the member’s clearing reserve fund is less than zero, the Exchange shall be entitled to conduct forced liquidation on the member’s positions.

The Exchange may, at its sole discretion, issue margin call according to market risk conditions and margin variations. The member shall, within the time period specified by the margin call, cover the margin shortfall; if the member fails to do so or the balance of the clearing reserve fund is still below zero, the Exchange shall implement forced position liquidation.

Section 2 Deposit and Withdrawal of Funds

Article 35 Ways of making deposits: a member may deposit funds into the special clearing account of the Exchange with relevant fund transfer vouchers or via the fund management system. After the depository banks confirm the receipt of the deposits, the Exchange shall timely credit the deposits to the member's margin.

Article 36 Ways for making withdrawal: a member shall make withdrawals between 8:30 a.m. and 3:00 p.m. on each trading day. If fund withdrawal is arranged via fund management system, the member shall submit the application for fund withdrawal via the system and approved by the Exchange. If fund withdrawal is arranged by using transfer vouchers, a member shall affix the seal reserved at the bank for accounting. The Exchange may adjust the methods and procedures of the fund withdrawal in accordance with business development.

The Exchange shall not accept the application for fund withdrawal or process the withdrawal of fund during the night session.

Article 37 The amount of funds that a member may withdraw shall be as below:

I. when the monetary fund of trading margin is greater than or equal to 25% of the actual available value of collaterals pledged as margin, the withdrawable amount shall be given by:

> the balance of clearing reserve fund – the minimum amount stipulated for the clearing reserve fund

II. when the monetary fund of trading margin is less than 25% of actual available value of collaterals pledged as margin, the withdrawable amount shall be given by:

> the monetary fund of clearing reserve fund – (the actual available value of the collaterals pledged as margin × 25% – the monetary fund of trading margin) – the minimum amount stipulated for the clearing reserve fund

Monetary funds shall be the sum of RMB funds and FX funds which have been converted into RMB funds in certain discount ratio. The conversion method shall comply with the provisions of Chapter 6 of these Detailed Rules.

RMB funds which are converted from FX funds shall not be withdrawn in RMB. The withdrawable amount of FX shall be limited to the amount of the deposited FX fund.

The Exchange may, at its sole discretion, make appropriate adjustments to the amount of funds that a member may withdraw.

Article 38 Where any of the following circumstances occurs to a member, an overseas broker or a client, the Exchange may restrict the withdrawal of funds by the member, or require the member to restrict the withdrawal of funds by its clients and overseas brokers, and require an overseas broker to cooperatively restrict the withdrawal of funds by its clients:

I. being investigated by the Exchange for possible severe violation of the Exchange's rules;

II. being investigated by any judicial authority, the Exchange or any relevant agency due to complaints, whistle-blowing or any trade dispute;

III. significant market risk conditions as determined by the Exchange;

IV. members failing to make up the difference between the actual balance of their clearing reserve funds and the minimum threshold of clearing reserve fund, or failing to cooperate with the Exchange in the settlement and sale of FX for their clients and overseas brokers;

V. other circumstances as deemed necessary by the Exchange.

Section 3 Clearing Data

Article 39 The Exchange shall clear the profit/loss, transaction fees, margin and other relevant funds for each member at the market close of each trading day. The Exchange shall provide members with the clearing data at the market close of the trading day by issuing paper or electronic clearing statement. A member shall verify the trading of the current day and conduct clearing for its clients based on the clearing data. In case that the Exchange fails to provide clearing data in time due to special conditions, the Exchange shall announce the time when such data will be available.

Article 40 A member shall promptly obtain the clearing data provided by the Exchange and conduct verification on such data every day. The clearing data shall be kept for at least twenty (20) years, and those data relevant to any trading dispute shall be kept until the dispute is settled.

Article 41 In case that a member disagrees with the clearing results of the current day, the member shall notify the Exchange in paper before the market open of the next trading day. Under special circumstances, the member may notify the Exchange of the disagreement in paper within two (2) hours after the market open of the next trading day. If no objection to the clearing result is raised to the Exchange within a prescribed time limit, then the member shall be deemed to have admitted the accuracy of such results.

Article 42 The Exchange shall, at the beginning of every month, provide each member with the Margin Clearing Checklist of Zhengzhou Commodity Exchange of the previous month, and such Checklist shall serve as the basis for the member to verify the records in trading books.

Section 4 Positions Transfer

Article 43 Where any of the following situations occur to a non-FB member or an FB member, the member and its clients may transfer positions after being approved by the Exchange:

I. the member is unable to continue the futures business for certain reasons, or the member is merged, split off or goes bankrupt with the approval of regulatory authorities;

II. the FB member and its client are in violation of the Measures for the Administration of Risk Control of Zhengzhou Commodity Exchange, and such violation leads to trading risks, violations of delivery regulations and default risks;

III. the FB member changes the appointment relationship with an overseas broker;

IV. other circumstances determined by the Exchange.

Under the circumstances provided in items I and II of this Article, the member shall make public announcements in accordance with the laws, regulations and other provisions of the People's Republic of China (hereinafter "the PRC") and submit relevant announcements to the Exchange.

A member applying for position transfer shall submit relevant supporting documents including the statements made by the receiving member and relevant clients on their consent to positions transfer and a detailed list of relevant positions.

If a member goes bankrupt but has not yet applied for position transfer, the Exchange may, for the purpose of protecting clients' interests, activate the contingency plan to transfer positions for relevant clients.

Under the circumstance provided in item III of this Article, the positions transfer application shall be submitted by the receiving FB member. Supporting documents shall include the statements made by the transferring FB member and the overseas broker on their consent to transfer positions and the change of appointment relationship and a detailed list of relevant positions.

Under the circumstance provided in item IV of this Article, the processing of positions transfer shall be prescribed by the Exchange separately.

Article 44 After an application for positions transfer is approved by the Exchange, the

Exchange and a member shall discuss and designate a day as the clearing day for positions transfer.

The Exchange shall transfer the positions for the member after the clearing is completed on the clearing day for positions transfer, and shall provide pre-transfer and post-transfer clearing statements to the member. Relevant clearing statements shall be verified and confirmed by the member, and these statements shall not be changed once being confirmed.

During the process of positions transfer, only open interest shall be transferred. Any other payables or receivables such as the profit/loss of the current day, transaction fees, and clearing reserve funds shall not be transferred.

Chapter 5 Clearing for Delivery

Article 45 The Exchange may collect service charges of delivery from a member who is to conduct delivery. The Exchange shall be entitled to determine, adjust and publish the specific rate of such service charges.

The Exchange shall debit the service charges of delivery from the clearing reserve fund of a member directly on the delivery matching day.

Article 46 The Exchange will transfer the delivery payment from buying member to selling member simultaneously.

Article 47 Provisions on the delivery price are specified in the Detailed Rules for Futures Delivery of Zhengzhou Commodity Exchange. The payment for the commodities rendered for delivery shall be calculated based on the delivery price and shall plus or minus premiums or discounts and packing expenses. The premiums or discounts and packing expenses herein shall be determined by the Exchange.

Article 48 During the clearing on the matching day of delivery, the Exchange shall clear the matched positions of a member at the delivery price, and the delivery difference incurred shall be calculated into the profit/loss of the member on that day.

Chapter 6 Pledge

Article 49 Collaterals pledged as margin shall be only used for trading guarantee.

Article 50 The Clearing Department of the Exchange shall be responsible for the business of pledging collaterals as margin. The cutoff time for pledge business shall be 14:30 of each trading day.

For the contracts that are not allowed to be traded on the afternoon of the last trading day, the Exchange shall not process the business of pledging the registered receipts of such products as margin on the last trading day.

The Exchange shall only accept the application for the deposit of FX funds and shall not accept the application for the withdrawal of FX funds or process the business of pledging assets as margin in night session.

Article 51 A member shall transfer the collaterals pledged as margin to the Exchange for verification, deposit and registration.

A non-FB member shall apply to the Exchange for pledging collateral as margin in its own name. A client shall authorize an FB member to apply to the Exchange for pledging collaterals as margin and the application shall be submitted in the FB member's name, and shall declare to the Exchange that it would guarantee the futures trading conducted in the member's name.

A member shall provide the Authorization Letter of Collateral Holders of Zhengzhou Commodity Exchange along with the application submitted in paper or via electronic system, and shall sign a Pledge Agreement of Zhengzhou Commodity Exchange.

Article 52 The assets approved by the Exchange to be pledged as margin shall include:

I. registered receipts which can be circulated in the Exchange;

II. negotiable government bonds which can be register for pledge right;

III. FX funds (types of currencies, discounts and applicable scope shall be prescribed by the Exchange separately);

IV. other assets approved by the Exchange.

The pledge period of collaterals shall not exceed the validity period of the collaterals and the asset value of the collaterals shall maintain a minimum amount of CNY100,000.

Article 53 The market value of collaterals pledged as margin shall be calculated as below:

I. for registered receipts pledged as margin, the settlement price of nearest futures contract whose underlying product is covered by the registered receipt on the previous trading day shall be used as the benchmark price. The amount of registered receipts could be pledged as margin shall be no more than 80% (discount rate) of the market value of such warrants.

II. the benchmark price and the discount rate of other assets pledged as margin shall be determined by the Exchange. The post-discount value of the assets shall be the available value for pledge. During daily settlement, the Exchange shall adjust the actual available value for pledge based on the benchmark prices of the current day and the discount rate.

Article 54 Where a member pledges collaterals as margin, the total amount of such collaterals which is allowed for pledge shall not exceed four (4) times (the “matching ratio”) of the total amount of the actual monetary funds in the special clearing account of the member.

Article 55 On the day when the business of pledging collaterals as margin comes into force, the Clearing Department of the Exchange shall conduct financial accounting based on the actual available value of the collaterals for the member and credit the actual available value of the collaterals for pledge to the member’s margin.

Article 56 The term of pledge agreement shall not exceed the period prescribed by the Exchange.

Article 57 The Exchange, at its sole discretion, may adjust the benchmark price, the discount rate, and the “matching ratio” according to market conditions.

During the term of pledge agreement, the Exchange shall have the right to adjust the amount of securities pledged as margin when the value of such securities changes. The Clearing Department of the Exchange shall issue the adjustment list of such securities and adjust the margin amount of relevant members at the same time.

Article 58 During the term of pledge agreement, if a member’s monetary fund proportion is in shortage, the Exchange shall reduce the actual available value of collaterals for pledge instantly according to the rules on the proportion of collaterals pledged as margin. And if the member increases monetary fund, the Exchange shall increase the actual available value of collaterals for pledge instantly according to the rules on the proportion of collaterals pledged as margin.

Article 59 Where any of the following circumstances occurs, the Exchange may cancel the pledge used as margin:

I. the capital conditions of the pledger member or pledger client involves in significant risks which may even jeopardize the legitimate rights and interests of the Exchange;

II. significant risks occurred in the futures market during the term of pledge agreement which may affect the legitimate rights and interests of the Exchange;

III. deficiencies or significant market risks occurred to the assets;

IV. the pledger member or pledger client (assets holder) is under the suspicion of violating relevant rules, regulation or breaching contract terms;

V. other conditions as deemed necessary by the Exchange.

On the day when the pledge is canceled, the Clearing Department of the Exchange shall reduce the member’s margin accordingly and collect service charges at the same time. If the margin balance of a member is under minimum requirement for clearing, then the pledge agreement between the member and the Exchange shall not be terminated.

Article 60 If the margin is insufficient and not timely made up by a member after the Exchange adjusted the actual available value of collaterals or canceled the quota for the collaterals pledged as margin according to Article 57, Article 58 and Article 59, the Exchange shall be entitled to conduct forced position liquidation. Any loss incurred as the result of actions taken by the Exchange shall be firstly borne by the member and then the member shall have the rights to pursue compensation from the client. In the case that the Exchange suffers losses from this, the Exchange shall be entitled to liquidate the collaterals based on market price and shall be compensated in priority. The pledge agreement between the member and the Exchange shall not be terminated until the Exchange is fully compensated.

Article 61 When the term of pledge expires, the Exchange shall terminate the pledge agreement with the member, reduce the pledger member's margin and return the possession of assets to the pledger member. The member shall make up the margin call that might incur before it applies for the release of pledged asset. When the agreement of pledging registered receipts as margin is terminated, the Clearing Department of the Exchange shall process the pledge release on the current day.

When the relationship of pledging other assets as margin is terminated, the Clearing Department of the Exchange shall process the pledge release according to relevant procedures and regulations.

Article 62 In the case that a member fails to fully make up the margin call caused by the release of pledged asset the Exchange shall be entitled to encash or realize the pledged assets based on the market price to meet the margin requirement and pay off relevant debts of the member. If there's balance left after the pay-off, the Exchange shall return the balance to the member. If the amount encashed or realized is not sufficient to cover the margin call or relevant debts of the member, the Exchange shall have the right to claim compensation from the member.

In case that the assets can be divided into separate parts when being encashed or realized by the Exchange, the assets shall be encashed or realized in part according to the total amounts of the margin that could not be covered, costs arising from pledge and expenses of encashment or realization. Those assets that cannot be divided shall be encashed or realized in whole.

Article 63 The services charges and other relevant expenses arising from pledging shall be borne by the members. Other relevant expenses shall include storage fees, custody fees, etc.

The service charges for pledging assets as margin shall be determined and announced by the Exchange. Such service charges shall be collected at the time when the pledge agreement is terminated.

The storage fees and custody fees of the pledged assets shall be collected according to relevant regulations.

Article 64 The Exchange shall keep all documents with regard to the pledge business. The retention period of relevant documents shall be the same as that of the accounting files.

Chapter 7 Risks and Obligations

Article 65 The Exchange shall implement tiered risk management system. The Exchange shall protect members from risks, and members shall prevent their clients and overseas brokers from risks, and overseas brokers shall prevent their clients from risks.

Article 66 A member shall fulfill relevant obligations to all the risks associated with the contracts traded on the Exchange.

Trading, clearing and delivery activity including filled trading order, offset futures positions, margins received, assets that have been transferred or pledged as margin, registered receipts that have been matched for delivery and legal attribute of property and default actions taken shall not invalid due to the member entering the bankruptcy proceedings.

The Exchange can still conduct net settlement on the open interest of the members who is going through bankruptcy proceedings in accordance with the Trading Rules of Zhengzhou Commodity Exchange and relevant detailed rules.

Article 67 If a depository bank goes bankrupt or is involved in other disputes over debts, the margin deposited in the bank shall not belong to its bankruptcy property and shall not be frozen or transferred.

Article 68 If a delivery warehouse goes bankrupt or is involved in other disputes over debts, all the commodities stored by the futures market participants in the non-delivery warehouse shall not belong to its bankruptcy property and shall not be sealed up or distrained upon.

Article 69 In the case that a member fails to perform contractual obligations, the Exchange shall be entitled to take the following measures:

I. dispose of the clearing reserve fund of the member;

II. suspend the member from opening new positions;

III. conduct forced position liquidation as prescribed in the applicable rules of the Exchange, until the margin being released after liquidation is sufficient to fulfill relevant obligations;

IV. realize the member’s assets pledged as margin into cash, and using the cash to fulfill relevant obligations.

Article 70 If a member still fails to fulfill its obligations after the aforementioned measures have been taken, the Exchange shall be entitled to take the following actions:

I. transfer the member’s membership and use the revenue from such transfer to make compensation for losses;

II. use the risk reserve fund to fulfill futures contracts and make compensation for losses with the approval of the Council of the Exchange;

III. use the Exchange’s own assets to fulfill futures contracts and make compensation for losses;

IV. exercise the right of recourse to the member through legal proceedings.

Article 71 The Exchange shall implement risk reserve fund system. The risk reserve fund shall refer to the fund established by the Exchange to ensure normal operation of the futures market and to make up any loss caused by risks beyond the control of the Exchange.

Article 72 Sources of risk reserve fund shall include:

I. the Exchange shall withdraw 20% of its service revenues to establish a risk reserve fund;

II. other revenues earned in compliance with the fiscal policies of the PRC.

When the balance of the risk reserve fund reaches a certain level, the Exchange may, with the approval of the CSRC, cease to make any further withdrawal.

Article 73 Accounting of the risk reserve fund shall be conducted separately and the fund shall be deposited in a special account.

Article 74 The disposal of the risk reserve fund shall be approved by the Council of the Exchange, and such disposal shall be reported to the CSRC.

Chapter 8 Supplementary Provisions

Article 75 Any violation of these Detailed Rules shall be subject to relevant provisions of the Measures for Penalties for Violations of Zhengzhou Commodity Exchange.

Article 76 In case that special regulations are stipulated in the Detailed Rules for Trading in Night Session of Zhengzhou Commodity Exchange in regarding to the clearing of night trading session, the special regulations shall be followed.

Article 77 The Exchange shall reserve the right to interpret these Detailed Rules.

Article 78 These Detailed Rules shall enter into force from November 9, 2018.

(The English version is for reference ONLY. The Chinese version shall prevail if there is any inconsistency.)