

Measures for the Administration of Depository Banks Designated by Zhengzhou Commodity Exchange

Chapter 1 General Provisions

Article 1 These Measures are formulated in response to the actual needs of futures trading and in accordance with applicable laws, regulations and policies of the futures market, the Trading Rules of Zhengzhou Commodity Exchange and the Detailed Rules for Futures Clearing of Zhengzhou Commodity Exchange for the purposes of standardizing the futures margin depository business of Zhengzhou Commodity Exchange (hereinafter “the Exchange”), ensuring the safekeeping of futures margins and the normal operation of futures trading and promoting the healthy development of the futures market.

Article 2 Designated futures margin depository banks (hereinafter “designated depository banks”) shall refer to the banking financial institutions designated by the Exchange to provide the Exchange’s members and investors with services including margin safekeeping and deposit and withdrawal of funds.

Article 3 The Exchange shall manage the depository banks in accordance with these Measures herein. The Exchange, designated depository banks and relevant personnel shall comply with these Measures.

Chapter 2 Qualification Application

Article 4 The futures margin depository business of the Exchange shall be classified into margin depository business for domestic clients and margin depository business for overseas clients.

Margin depository business for domestic clients shall refer to the margin depository business for members and domestic clients, while margin depository business for overseas clients shall refer to the margin depository business for overseas brokers and overseas clients.

Article 5 A banking financial institution shall apply to the Exchange for conducting futures margin depository business and shall meet the following requirements:

- I. being a nationwide banking financial institution with legal person status and is located within the territory of the People's Republic of China (hereinafter "the PRC");
- II. having a branch that is qualified to conduct futures margin depository business and fund-clearing related business at the place where the Exchange is located;
- III. satisfying the requirements of capital adequacy ratio, liquidity and asset-liability ratio prescribed by China Banking Regulatory Commission (hereinafter "the CBRC") on banking financial institutions;
- IV. having sound corporate governance structure, risk management system and internal control system;
- V. having necessary facilities and technical competences to conduct the futures margin depository business and to support the monitoring of futures margin

depository, having advanced cross-region fund transfer system that has operated stably and efficiently over the last three (3) years and having a nationwide real-time internal fund transfer system and a sound nationwide centralized bank-futures fund transfer system;

VI. having established a sound futures margin management system, an internal management system, business operating procedures and business contingency plans for abnormal situations such as technical failure and communication system breakdown;

VII. having a dedicated department or institution responsible for the futures margin depository business; there shall be at least three (3) personnel who have passed the futures qualification examination at the designated branch conducting futures margin depository business and all personnel at the futures clearing counter shall have passed the futures qualification examination. In addition, the managerial personnel of the designated branch shall have no less than five (5) years of working experience in the banking industry;

VIII. having no pending litigations or outstanding liabilities that may materially impact its credit;

IX. having no record of severe violation of laws and regulations, and no severe incident or severe administrative sanction imposed by any regulatory authorities in the last three (3) years;

X. any other requirements prescribed by the Exchange.

Article 6 A banking financial institution applying to conduct futures margin depository business for domestic clients shall satisfy the provisions prescribed in Article 5 of these Measures and meet the following requirements:

I. its registered capital shall be of no less than CNY 10 billion and shall have been

profitable consecutively in the last three (3) fiscal years;

II. its total assets shall be of no less than CNY 1.5 trillion and net capital of no less than CNY 100 billion;

III. have no less than 600 branches within the territory of the PRC.

The provisions of item I of paragraph 1 of Article 5 and items I to III of paragraph 1 of this Article shall not be applicable to policy banks which are closely related to the Exchange's listed products and applying to be the Exchange's futures margin depository banks.

Article 7 A banking financial institution applying to conduct the futures margin depository business for overseas clients shall satisfy the provisions prescribed in Article 5 of these Measures and meet the following requirements:

I. its registered capital shall be of no less than CNY 5 billion and have been profitable consecutively in the last three (3) fiscal years;

II. its total assets shall be of no less than CNY 1.5 trillion and net capital of no less than CNY 100 billion; or its total assets shall be of no less than CNY 30 billion and net capital of no less than CNY 5 billion with its parent company having total assets of no less than CNY 1.5 trillion or equivalent amount in foreign currency and net capital of no less than CNY 100 billion or equivalent amount in foreign currency;

III. being a direct clearing member of the High-Value Real-time Payment System or being the agent of the direct clearing members of the High-Value Real-time Payment System to ensure efficient and real-time fund transfer; it or its parent company shall have branches that are capable of conducting futures margin depository business and fund-clearing related business in more than one (including one) global or regional financial center.

Article 8 A banking financial institution applying to be a designated depository bank shall submit the following documents to the Exchange for preliminary review:

I. the Futures Margin Depository Business Application Form, an application report, a feasibility report and a business plan;

II. a description of its branch(es), business outlet(s) and necessary facilities required to conduct the futures margin depository business;

III. a description of its futures margin depository management system and internal management system as well as relevant contingency plans for abnormal situations such as technical failure and communication system breakdown;

IV. a description of the post setting and personnel duties of its futures margin depository department, and the name lists and resumes of the department head and business personnel;

V. supporting materials which can prove that it is a direct clearing member of the High-Value Real-time Payment System or an agent of a direct clearing member of the High-Value Real-time Payment System if it applies for conducting futures margin depository business for overseas clients;

VI. the latest corporate annual report published as per the requirements of the State Administration for Industry and Commerce;

VII. a written commitment indicating that it will comply with the provisions on monitoring the safekeeping of futures margins;

VIII. the copy of the latest Business License for Enterprise Legal Person;

IX. the copy of the Financial Business Permit;

X. audit reports and internal control evaluation reports of the latest three (3) years;

XI. the letter of authorization issued by the Legal Entity (see Appendix 2) and identity certificates of the staff in charge of the application;

XII. other documents required by the Exchange.

Article 9 A banking financial institution which has submitted the application for being a designated depository bank and has passed the Exchange's preliminary review shall, in accordance with the requirements of the Exchange and China Futures Market Monitoring Center Co., Ltd. (hereinafter "the CFMMC"), pass relevant business, technical and communication equipment tests and provide the following documents to the Exchange:

I. the written supporting documents issued by the CFMMC indicating that it has passed the test on data submission system related to the depository business;

II. the report on the testing of the nationwide centralized bank-futures fund transfer system conducted with futures market participants such as futures brokers;

III. the copy of the Business License of the branch designated by the Exchange to conduct the margin depository business, a description of the branch on its business venues, facilities, post setting and personnel duties, the name lists and resumes of the business personnel and their certificates of passing the futures qualification exam of the PRC;

IV. other documents required by the Exchange.

Article 10 The Exchange shall review the application documents and system testing results submitted by a banking financial institution, and then shall file with China Securities Regulatory Commission (hereinafter "the CSRC"). The Exchange shall notify the banking financial institution which is eligible to be a designated depository bank of the review results and make a public announcement on the review results after five (5) business days on the Exchange's website. The eligible banking financial

institution shall report to the CBRC within three (3) days after being qualified as a designated depository bank.

Article 11 Designated depository banks shall, before conducting the futures margin depository business, enter into an agreement with the Exchange on the futures margin depository business (hereinafter “business agreement”) in which the rights and obligations of each party shall be clearly stated.

Chapter 3 Rights and Obligations

Article 12 Designated depository banks shall be titled to the following rights:

- I. open a special clearing account for the Exchange, special margin accounts for members, futures clearing accounts for overseas brokers and their clients, and other clearing-related accounts;
- II. accept deposits from the Exchange, members, overseas brokers and clients;
- III. gather information on the credit situation of the members at the Exchange.

Article 13 Designated depository banks shall perform the following obligations:

- I. provide the Exchange with the information about the fund status of the special margin accounts of members and the futures clearing accounts of overseas brokers;
- II. transfer the funds of members in priority based on the bills or orders provided by

the Exchange, timely provide the Exchange with feedbacks of fund transfer results and related account changes and timely complete FX settlement and sale related to the futures trading in accordance with relevant provisions;

III. assist the Exchange in checking the sources and movements of the members' funds;

IV. timely inform the Exchange about the pledge of the Exchange's registered warehouse receipts and the members' improper behaviors and risks in fund clearing;

V. assist the Exchange in mitigating risks in the event of significant risks;

VI. take necessary regulatory measures on the funds in the members' special margin accounts as per the requests of the CSRC or the Exchange;

VII. keep confidential the business secrets of the Exchange, members, overseas brokers and clients;

VIII. accept the supervision of the Exchange on its futures business.

Chapter 4 Business Requirements

Article 14 Designated depository banks shall establish branch(es) in the region(s) within a prescribed distance from the Exchange, and the branch(es) shall set up futures business counters.

Article 15 Designated depository banks shall maintain the stability of business operation and employees at designated branches, organize trainings for business staff on a regular basis, actively participate in the internal trainings arranged by the Exchange and ensure that their business staff are familiar with the procedures of margin depository business, the Exchange's rules and requirements on the futures margin depository business and other clearing-related business.

Article 16 Designated depository banks shall open special deposit accounts such as special clearing account for the Exchange, and the account name shall reflect the Exchange's business nature.

Article 17 Designated depository banks shall open, change or close the special fund accounts for members based on the dedicated notices issued by the Exchange. The transfer of funds related to futures business between the Exchange and the members shall be executed via the Exchange's special clearing account and the members' special fund accounts.

The depository banks engaging in the margin depository business for overseas clients shall, in accordance with relevant provisions prescribed by the People's Bank of China and the State Administration of Foreign Exchange (hereinafter "the SAFE"), open bank accounts related to futures business for the Exchange, members, overseas brokers and overseas clients.

Article 18 Designated depository banks shall, in accordance with relevant provisions on the safekeeping of futures margins, handle the deposit and withdrawal of futures margins by way of fund transfer, and shall operate the futures margin business in a closed environment.

The designated depository banks shall conduct the FX settlement and sale business for the Exchange and members in accordance with relevant provisions of the SAFE and requirements of the Exchange, and shall perform its reporting obligations in

accordance with relevant provisions.

Article 19 Designated depository banks shall provide the Exchange, members, clients and overseas brokers with safe, accurate and timely futures margin depository and transfer services.

Article 20 Designated depository banks shall start its business on a trading day at least thirty (30) minutes before the Exchange's market open, and shall extend its business hours in case that futures clearing time needs to be prolonged after the market close of a trading day.

Article 21 Where there are funds being transferred into the special clearing account of the Exchange, the designated depository banks shall credit the funds to the Exchange's account immediately and inform the Exchange in real time.

Article 22 Designated depository banks shall comply with the following provisions when executing fund transfers in accordance with the Exchange's electronic or written fund transfer instructions:

I. for intra-bank fund transfers, the designated depository banks shall, upon receipt of the instructions from the Exchange, ensure the real-time transfer of funds to the designated special fund accounts of members;

II. for inter-bank fund transfers, the designated depository banks shall, upon receipt of the instructions from the Exchange, ensure that the funds be transferred in the fastest way and be timely received by the receiving banks designated by the Exchange; and under special circumstances, the designated depository banks shall ensure that the funds will be received by the receiving banks before 4:00 p.m. on the day of fund transfer;

III. the designated depository banks may improve the efficiency of fund transfers through business cooperation with other institutions.

Article 23 The designated depository banks shall check the special clearing accounts with the Exchange on a daily basis in accordance with the following rules:

I. accounts shall be checked after daily clearing is completed or at any time as requested by the Exchange;

II. depository banks shall respond to the Exchange's enquiries about the balances and changes of the special clearing accounts and send inquiry results to the Exchange on a real-time basis;

III. depository banks shall deliver the business vouchers such as the receipt statements, the detailed lists of receipts and payments to the Exchange on the day of clearing;

IV. depository banks shall timely provide the statements of the fund clearing accounts as per the Exchange's requests.

Article 24 Depository banks shall, in accordance with the provisions on monitoring the safekeeping of futures margins, report to the CFMMC about the balances and detailed changes of the previous trading day of all futures margin accounts opened in their banks through dedicated network within prescribed time limit.

Article 25 Depository banks shall respond to the Exchange's enquiries about the balances and changes of the Exchange members' special margin accounts on a real-time basis and send inquiry results to the Exchange.

Article 26 Depository banks shall take effective measures to reduce the liquidity risk of funds, and shall not restrict futures brokerage members' (hereinafter "FB members") withdrawal and deposit of funds without the Exchange's written permission. The Exchange may make inter-bank transfer of margins to test the security of margin deposits at any time.

Article 27 Depository banks shall pay interest to the Exchange according to the

agreed deposit interest rates determined by both parties.

Article 28 In case that the Exchange applies for assistance when having any liquidity demand for clearing purpose, the depository banks shall extend financial support to the Exchange.

Article 29 Depository banks shall not assist the Exchange's members in turning the funds in their futures margin accounts into pledged assets, nor shall they misappropriate clients' futures margins to repay the debts of FB members, overseas brokers and the Exchange.

Article 30 Depository banks shall reject any illegal freeze or transfer of the funds in the Exchange's special clearing accounts by any other entity or individual, and shall timely notify the Exchange if other entities are to freeze the Exchange members' special margin accounts or to take any other measures that would adversely affect the futures margin depository business.

Chapter 5 Technical Requirements

Article 31 Depository banks shall establish fund transfer systems in accordance with relevant specifications of fund transfer system interface specified by the Exchange, and such systems shall pass the performance test conducted by the Exchange and shall satisfy relevant technical requirements prescribed by the Exchange.

Article 32 The nationwide centralized bank-futures transfer systems of depository

banks shall support the multipoint accesses of members' systems, and shall satisfy the disaster recovery and redundancy requirements of the members' bank-futures transfer systems.

Article 33 Depository banks shall apply for primary and backup communication links with the Exchange. Relevant network parameters shall be allocated by the Exchange uniformly.

Article 34 Depository banks shall include the fund transfer systems into the uniform operation and maintenance process of technical systems, and shall implement the real-time monitoring on fund transfer systems, data links and platforms for software and hardware.

Article 35 Depository banks shall notify the technology and maintenance department of the Exchange five (5) business days before using the fund transfer systems or making any change to the network systems, and shall conduct system tests in advance as well.

Article 36 Depository banks shall proactively participate in the emergency drills and joint tests organized by the Exchange.

Article 37 Depository banks shall designate contact persons standing by 24/7 for any technical emergencies. Reports shall be made to the Exchange timely if the contact persons are changed.

Chapter 6 Emergency Response

Article 38 Depository banks shall establish contingency plans for network and information security so as to ensure that duties and responsibilities can be clarified and that appropriate measures, quick response and timely handling can be conducted.

Article 39 In case of any business misoperation or technical system malfunction occurs to the Exchange or the depository banks and may adversely affect the futures fund clearing business, the party that discovers such misoperation and/or malfunction shall promptly inform the other party and take remedial actions right away.

Article 40 The party who primarily discovers any malfunction of the fund transfer system shall inform the other party right away. Both parties shall check their systems and cooperate with each other to troubleshoot problems, solve the problems and clarify the liabilities. The contingency plans shall be implemented without delay if necessary.

Article 41 When the stability and security of futures margin depository business is endangered, the depository banks shall implement the contingency plans right away to resume operation as soon as possible, and shall report relevant information to the Exchange and the CFMMC.

Chapter 7 Supervision and Management

Article 42 Where there is any change in post setting and duty arrangement, or any adjustment in the department head and business contact person of the futures department in a depository bank, the depository bank shall make a written report to

the Exchange and the CFMMC within three (3) business days.

Article 43 Where there are significant business risks or losses that would adversely affect the credibility of a depository bank, the depository bank shall report to the Exchange and the CFMMC within three (3) business days, and shall submit a report on the analysis of the influence of such risk or loss on margin depository business and its corresponding countermeasures.

The depository banks shall report the potential or foreseeable risks in overseas financial and capital markets to the Exchange, and shall assist the Exchange in the precaution against such risks.

Article 44 Depository banks shall make written reports to the Exchange, the CFMMC and relevant futures brokers five (5) business days before upgrading systems or taking any other measures which might adversely affect the margin depository business, and shall timely conduct information disclosure and system tests and formulate the contingency plans in advance.

Article 45 Depository banks shall submit reports of margin depository business, technical maintenance, risk management and the implementation of relevant laws, regulations, provisions and policies to both the Exchange and the CFMMC within one (1) month after the end of each year.

Article 46 Depository banks shall cooperate with the annual or occasional inspections conducted by the Exchange to evaluate their qualifications for margin depository.

Article 47 The Exchange shall conduct an overall review of the timeliness, security, accuracy, liquidity control, system operation and maintenance, service quality, business operation and satisfaction rating of the depository banks' margin depository business on a yearly basis.

The Exchange may refer to the annual review results when arranging for the

depository banks' business and Exchange-depository bank cooperation programs in an overall way.

Chapter 8 Penalties for Violations

Article 48 Depository banks shall be ordered to make corrections in any of the following circumstances, and measures such as warning, circulating a notice of criticism and suspension of margin depository service for new members shall be imposed on the depository banks according to the severity of the circumstance:

I. fail to perform these Measures or the obligations prescribed in the business agreements with the Exchange, or violate other business rules of the Exchange;

II. fail to take effective actions against matters that have adversely affected or may adversely affect the normal operation of margin depository business, and such failures may endanger the stability of the futures market and damage the legitimate rights and interests of the Exchange's members, overseas brokers and clients;

III. fail to report the data of margin depository business in accordance with relevant requirements prescribed by the CFMMC;

IV. fail to inform the Exchange immediately or take effective actions in time after any operational or system failure which may adversely affect the clearing of futures funds occurred;

V. fail to meet the requirements of capital adequacy ratio, liquidity, asset-liability ratio and other indicators required by the CBRC;

VI. refuse to cooperate with the Exchange's annual or occasional inspections of their clearing business, or fail to submit the annual summary reports on their margin depository business or other materials as required;

VII. limit the withdrawals and deposits of members' funds for no reason;

VIII. under general complaints by members about the service quality or the unstable operation of the bank-futures transfer systems;

IX. other circumstances prescribed by the Exchange.

Article 49 Depository banks shall be suspended from operating all depository business in any of the following circumstances:

I. fail to take effective actions to prevent the funds in the Exchange's clearing account from being frozen or transferred;

II. assist the Exchange's members in turning the funds in their futures margin accounts as pledged assets;

III. incur losses in the most recent fiscal year;

IV. other circumstances prescribed by the Exchange.

Article 50 For depository banks that have been suspended from operating margin depository business, their qualifications could be re-granted after rectification and being approved by the Exchange.

Article 51 Depository banks' qualification of conducting margin depository business may be cancelled by the Exchange in any of the following circumstances:

- I. apply for the termination of margin depository business;
- II. be revoked, dissolved or declared bankrupt;
- III. be acquired and thus could not exist as legal entities;
- IV. no longer be qualified for conducting margin depository business;
- V. incur losses in each of the three (3) most recent fiscal years;
- VI. fail to pass both last annual inspection in the most recent year and still be unqualified after rectification;
- VII. provide the Exchange with fraudulent information or materials;
- VIII. be deemed to have serious potential risks by the Exchange;
- IX. other circumstances prescribed by the Exchange.

Article 52 The Exchange shall notify the depository banks of the termination of their margin depository business ten (10) business days in advance, and shall report such termination to the CSRC and make announcement on the Exchange's website.

The termination of margin depository business will not affect the existing legal relationship between the depository banks and the Exchange. The Exchange shall reserve the right to settle and terminate any relevant business with the banks.

Article 53 Depository banks that have been suspended from conducting margin depository business by the Exchange shall not reapply for being the depository banks of the Exchange within three (3) years from the termination day.

Chapter 9 Supplementary Provisions

Article 54 Depository banks shall not disclose any non-public information related to margin depository business to the third party except as otherwise stipulated by national laws and regulations.

Article 55 Depository banks which have already carried out margin depository business before these Measures entering into force do not need to reapply for the qualification but shall comply with other provisions of these Measures.

Article 56 The Exchange shall reserve the right to interpret these Measures.

Article 57 These Measures 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.)

Appendix 1:

Application Form of Depository Bank Qualification

Full Name of the Applicant Entity:		
Registered Address:		
Registered Capital:		
Postal Code:		
Full Name of the Legal Representative:		
Corporate Business License No.:		
Financial Business Permit No.:		
Margin Depository Business Department Name:		
Tel No.:		
Fax No.:		
Contact Person of the Depository Bank	Name:	
	Department & Title:	
	Tel No.:	
Contact Person of the Depository Bank Henan Branch	Name:	
	Department & Title:	
	Tel No.:	
Technical Director of the Depository Bank Henan	Name:	
	Department & Title:	

Branch	Tel No.:			
Contact Person of the Superior Branch	Name:			
	Department & Title			
	Tel No.			
Name of Application Submitting Person:				
ID No. of Application Submitting Person:				
Tel No. of Application Submitting Person:				
Financial Status and Other Information of Applicant Entity	Total Assets, Net Asset and Net Capital at the End of Last Year (Audited)	Total Assets:		
		Net Asset:		
		Net Capital:		
	Net Profit in the Three Most Recent Years			
	Capital Adequacy Ratio in the Three Most Recent Years			
	Asset-Liability Ratio in the Three Most Recent Years			
	Liquidity Ratio in the Three Most Recent Years			
	Number of Branches			
	Internal Control System Related to Futures Margin Depository Business			
	Other Information			
Signature and Seal of Legal Representative or Authorized Representative:				
Seal of Applicant Entity:				

Appendix 2:

Letter of Authorization

To whom it may concern:

We hereby authorize our bank clerk Ms./Mr. XXX with ID No. XXXXXX to act on behalf of our bank to apply for depository bank qualification to the Exchange. He or she will represent our bank to handle all the work involving the application for the qualification of futures margin depository bank, including but not limited to submitting and signing relevant application documents, and receiving relevant replying documents on the application from the Exchange to our bank. This Letter of Authorization is valid from (YYYY/MM/DD) to (YYYY/MM/DD).

Official Seal of the Bank:

Signature and Seal of the Legal Representative:

Date: