

Measures for Penalties for Violations of Zhengzhou Commodity Exchange

Chapter 1 General Provisions

Article 1 These Measures are formulated in accordance with the Bylaws of Zhengzhou Commodity Exchange and the Trading Rules of Zhengzhou Commodity Exchange for the purposes of enhancing the administration of the futures market, regulating futures trading activities and protecting the legitimate rights and interests of futures market participants.

Article 2 A violation herein shall refer to the violation, by a member, an overseas broker, a market maker, a client, a delivery warehouse (factory), a designated futures margin depository bank (hereinafter “depository bank”), a quality inspection agency, an information service provider or other futures market participants and their staff, of the Bylaws, Trading Rules or any other applicable provisions of Zhengzhou Commodity Exchange (hereinafter “the Exchange”).

Article 3 According to the principles of fairness and integrity, the Exchange shall investigate into, identify and impose penalties against violations based on facts. Any violation constituting a criminal offense shall be turned over to a judicial authority and bear criminal liability in accordance with applicable laws.

Article 4 In the event that members, overseas brokers, market makers, clients, delivery warehouses, depository banks or other futures market participants have been

punished by the China Securities Regulatory Commission (hereinafter “the CSRC”) in respect of certain violations, the Exchange may, when determining the penalties, exempt them from being punished again or mitigate the penalties.

Article 5 These Measures shall be applied to related trading activities conducted on the Exchange.

Chapter 2 Inspection

Article 6 The inspection shall refer to the Exchange’s supervision over and checking of the business activities of members, overseas brokers, market makers, clients, delivery warehouses, depository banks, quality inspection agencies, information service providers or other futures market participants in accordance with Exchange’s applicable regulations and policies. The inspection shall include the regular inspection and the registered investigation. The inspection methods shall include interview, written investigation and on-site inspection.

The Exchange may carry out regular or irregular routine inspections on the business activities of the members, overseas brokers, market makers, clients, delivery warehouses, depository banks, quality inspection agencies, information service providers and other futures market participants in accordance with its rules and regulations.

Article 7 The Exchange may exercise the following powers when performing its regulatory duties:

I. consulting and copying the information, documents and materials related to futures trading;

II. requiring members, overseas brokers, market makers, clients, delivery warehouses, depository banks, quality inspection agencies, information service providers and other futures market participants to provide annual reports and third-party audited reports, etc.;

III. investigating into, collecting evidences from and interviewing with members, overseas brokers, market makers, clients, delivery warehouses, depository banks, quality inspection agencies, information service providers and other futures market participants;

IV. requiring members, overseas brokers, market makers, clients, delivery warehouses, depository banks, quality inspection agencies, information service providers and any other person under investigations to report, state, explain or clarify relevant information;

V. checking the bank accounts of members, overseas brokers, market makers and clients related to their futures business;

VI. checking the IT systems of trading, clearing and finance of members, overseas brokers, market makers and clients related to their futures business;

VII. stopping, correcting and dealing with any violation of regulations;

VIII. exercising other necessary powers to perform regulatory duties.

Article 8 Members, overseas brokers, market makers, clients, delivery warehouses, depository banks, quality inspection agencies, information service providers and other futures market participants shall consciously accept the Exchange's supervision and inspection, and cooperate with the Exchange in performing its supervision and

management duties.

Article 9 The Exchange shall provide channels to receive complaints and tip-offs. Complaint makers and informers shall have true and unambiguous identities, and the Exchange shall keep their identities confidential if the complaint makers and informers decline to make their identities public.

Article 10 Where the Exchange suspects that there are violations after reviewing the clues discovered in its routine inspections, provided by complaint makers or informers, turned over from supervisory departments and judicial authorities and obtained through other means, the Exchange shall open an investigation into the violations.

Article 11 The Exchange shall designate specific persons to conduct registered investigation into the violations related to futures trading. The investigation and evidences collection shall be jointly carried out by at least two (2) investigators designated by the Exchange, during which the investigators shall present their working ID cards or other supporting documents of the Exchange.

Article 12 An investigator shall apply for recusal from a case if he or she has conflicts of interest with the case or is under other circumstances that may affect the impartial handling of the case.

The person under investigation who believes that an investigator has conflicts of interest with the case or is under other circumstances that may affect the impartial handling of the case shall have the right to request the investigator to recuse himself/herself from the case.

The Exchange shall order an investigator to recuse from a case when it deems necessary.

The recusal of an investigator shall be determined by the head of the Exchange's department responsible for such investigation. The recusal of the head of the

Exchange's department responsible for investigations shall be determined by the Exchange's President.

Article 13 Evidences shall include documentary evidences, physical evidences, statements of parties involved, testimonies of witnesses, investigation records, expert conclusions, audio-visual materials, electronic records and any and all materials that may prove the facts of a case. Any evidence shall be investigated and verified before being used as the basis for the decision in a case.

Article 14 Investigation transcripts shall be made when an investigator questions the person under investigation. The investigation transcripts shall be passed to the person under investigation for checking and then signed both by the person under investigation and the investigator if the details in the transcript are verified as correct by the person under investigation. In the event that the person under investigation refuses to sign, the investigator shall specify and record the reasons.

The investigator shall make collection records when collecting documentary evidences and physical evidences. The records shall state when and where the evidences were collected and shall be signed by the person under investigation. Where the person under investigation refuses to or is unable to sign, the investigator shall specify and record the reasons and have a witness sign the collection records.

When audio-visual materials or electronic records are collected and made, a note shall be made specifying when, where, how and by which equipment they were collected and made as well as their preservation conditions, and shall be signed by the person under investigation or a witness.

Expert conclusions shall be made by competent agencies which have the right authorized by the CSRC or the Exchange to make such conclusions and shall be affixed with official stamps and signed by the agencies and expert(s).

Article 15 Investigators shall strictly abide by confidentiality rules and shall not abuse

their powers in the process of registered investigation and regular inspection. Futures market participants shall strictly fulfill confidentiality obligations during the Exchange's routine inspection, investigation and regular checking. The Exchange shall take appropriate measures against the investigators and futures market participants which are in violation of confidentiality rules.

Article 16 Where members, overseas brokers, market makers, clients, delivery warehouses, depository banks, quality inspection agencies, information service providers and other futures market participants are suspected of severe violations and under registered investigation by the Exchange, the Exchange may take the following mandatory measures against the party involved to prevent further expansion of the consequences of violations and to ensure the enforcement of the decisions on handling of such violations:

- I. requesting the parties involved to make explanations within a prescribed time period;
- II. suspending the parties involved from opening new client codes;
- III. restricting the parties involved to withdraw and deposit funds;
- IV. restricting the parties involved to establish and liquidate positions;
- V. restricting the delivery business of the delivery warehouses involved, depository business of the depository banks involved or the information service business of the information service providers involved;
- VI. lowering the position limits or the limits of registered receipts allowed to be held;
- VII. increasing margin rates;
- VIII. requesting the parties involved to liquidate positions within a prescribed time period, suspending the parties involved from liquidating positions or forcedly

liquidating the positions of the parties involved.

Chapter 3 Penalties for Violations

Article 17 With respect to multiple violations at one time by the same party, each violation shall be determined separately and combined penalties shall be imposed. With respect to recidivists, heavier penalties shall be imposed.

Article 18 Where futures brokerage members (hereinafter “FB members”) conduct any of the following behaviors which are in violation of the provisions on the management of brokerage business qualification, such FB members shall be ordered to make corrections and be subject to the confiscation of the gains arising from violations. Furthermore, based on the severity of their violations, such FB members shall be subject to warning, criticism by circulating a notice, public condemnation, forced position liquidation, suspension from opening new positions for one (1) to twelve (12) months and expulsion from member status; where there are no gains arising from violations or the amount of the gains is less than CNY 50,000, a fine between CNY 50,000 and CNY 250,000 may be imposed concurrently; where the amount of the gains is over CNY 50,000, a fine between the equal amount and five (5) times of such amount may be imposed concurrently:

- I. getting the qualification for conducting futures brokerage business by fraudulent means;
- II. setting up futures brokerage branches without the approval of competent authorities;

III. employing the persons without the futures professional qualification or failing to pass the Exchange's training program to conduct futures brokerage business;

IV. other activities in violation of the provisions on the management of brokerage business qualification prescribed by the CSRC and the Exchange.

Article 19 Where an FB member conducts any of the following behaviors in violation of the provisions on the management of brokerage business, such FB member shall be ordered to make corrections and be subject to the confiscation of gains arising from violations. Where the circumstances of violations are minor, the Exchange shall issue a warning and impose a fine of CNY 10,000 to CNY 100,000; where the circumstances of violations are severe, the Exchange shall take measures such as criticism by circulating a notice, public condemnation, forced position liquidation, suspension from establishing new positions for one (1) to twelve (12) months and expulsion from member or participant status; where there are no gains arising from violations or the amount of the gains is less than CNY 100,000, a fine between CNY 100,000 and CNY 500,000 shall be imposed concurrently; where the amount of gains arising from violations is over CNY 100,000, a fine between the equal amount and five (5) times of such amount shall be imposed concurrently:

I. conducting futures trading for a client who has not opened an account yet or failing to go through the account opening procedures in accordance with relevant provisions;

II. violating the management system on trading codes;

III. failing to perform the duties of review and verification in accordance with applicable provisions and opening an account for an ineligible client;

IV. failing to perform the obligations of traders suitability management as prescribed or violating the Measures for the Administration of Trader Suitability Requirements for Specified Futures Products Trading of Zhengzhou Commodity Exchange;

V. failing to state the risks of futures trading to a client or failing to sign the statement on risks;

VI. promising profits to a client or making an agreement secretly with a client on the sharing of profits and risks;

VII. making use of a client's account to trade for the sake of the brokerage agency itself or others;

VIII. failing to follow a client's trading instruction, deliberately stopping, deferring or changing a client's orders, or inducing or forcing a client to trade according to the brokerage agency's own will;

IX. conducting off-exchange liquidation of clients' positions;

X. failing to segregate self-owned funds from clients' funds;

XI. deferring a client's withdrawal of funds without justified reason;

XII. allowing a client to trade without sufficient margin or accepting the application for exercising an option from the buying client without sufficient funds;

XIII. diverting or allowing others to divert a client's funds without permission, or indiscriminately using different clients' funds in different accounts;

XIV. intentionally fabricating and spreading false or misleading information;

XV. disclosing matters appointed by a client or other confidential trading information;

XVI. a trading representative of an FB member accepts orders from an individual or other brokerage agencies and trading for them accordingly;

XVII. failing to provide clients with trading results or clearing statements;

XVIII. other activities in violation of the provisions on the management of brokerage business prescribed by the CSRC and the Exchange.

The Exchange may suspend relevant responsible parties in violation of the above provisions from conducting futures and options activities on the Exchange for no more than one (1) month; where the circumstances of violations are serious, the Exchange may impose penalties on the responsible parties including criticism by circulating a notice, public condemnation, suspension from conducting futures activities on the Exchange for one (1) to six (6) months and disqualify the responsible parties from conducting futures or options activities.

The Exchange shall impose above penalties which are applicable to FB members on the market makers who are in violation of the provisions on the management of trading codes.

Where the circumstances listed in items I to XVIII of paragraph 1 of this Article occur to FB members when conducting futures trading business for overseas brokers, the Exchange shall impose penalties on such FB members as per paragraph 1 of this Article.

Article 20 Where members conduct any of the following behaviors, such members shall be ordered to make corrections and be subject to warning and suspension from establishing new positions for one (1) to twelve (12) months. Where the circumstances of violations are serious, the Exchange shall impose penalties including criticism by circulating a notice, public condemnation and expulsion from member status on such members:

I. failing to make reports after legal representatives, business scopes and registration places are changed;

II. failing to submit related materials such as financial reports within a prescribed time period;

III. failing to perform the obligations of reporting as per the large position reporting system, or making falsified reports or intentionally concealing the information that should be reported;

IV. failing to assist the Exchange in taking restrictive measures or other regulatory measures;

V. failing to submit annual membership fees and other applicable fees as per the Exchange's provisions;

VI. failing to preserve trading, clearing, financial and accounting data as per the Exchange's provisions;

VII. forging, tampering with and buying or selling various certificates and official documents;

VIII. non-FB members engage in brokerage business or FB members engage in proprietary business;

IX. engaging in illegal activities under the guise of futures trading;

X. overseas brokers fail to fulfill the obligations of filing as per relevant provisions.

Article 21 Where any of the following circumstances occurs to members, the Exchange shall expulse such members from member status:

I. being imposed with penalties by the CSRC such as revocation of licenses for futures brokerage business and expulsion from participant status;

II. transferring membership seats in private, entrusting seats to others or subleasing seats to other parties;

III. being severely deficient in funds, staff and equipment, and under disordered

management even after rectification;

IV. refusing to carry out resolutions of the General Meeting of Members or that of the Board of Governors;

V. failing to conduct trading for three (3) consecutive months without justified reasons;

VI. violating laws, regulations and rules promulgated by the State and seriously violating the Exchange's Bylaws and rules.

Where an overseas broker is imposed with penalties by its local regulatory authority such as revocation of license for futures brokerage business or by the CSRC such as expulsion from participant status, or where the circumstances listed in items III to VI of the preceding paragraph occur to such overseas broker, the filing of such overseas broker shall be canceled.

Article 22 A member failing to carry out forced position liquidation within a prescribed time period shall be imposed with the penalties such as warning, criticism by circulating a notice, public condemnation and suspension from conducting part of futures or options business and suspension from establishing new positions for no more than one (1) to twelve (12) months, and a fine of no more than CNY 50,000 shall be imposed concurrently.

Article 23 Where a member conducts any of the following behaviors which are in violation of the provisions on the management of clearing, the Exchange shall order such member to make corrections and issue a warning to such member; where the violations are severe, the Exchange shall impose penalties such as criticism by circulating a notice, public condemnation, suspension from conducting part of futures or options business and suspension from establishing new positions for one (1) to twelve (12) months on such member, and a fine of CNY 10,000 to 200,000 shall be concurrently imposed:

- I. failing to pay sufficient margin in time;
- II. providing untrue or incomplete records of clearing statements, monthly trading statements or other clearing documents;
- III. failing to manage the margins of clients and overseas brokers in separate accounts;
- IV. failing to perform daily mark-to-market clearing for overseas brokers or clients;
- V. forging or tampering with trading records, accounting statements or account books;
- VI. issuing dud checks, false value-added tax invoices and other falsified documents;
- VII. any other behaviors in violation of the Exchange's provisions on clearing management.

Article 24 Where an overseas broker conducts any of the following behaviors, the Exchange may require such overseas broker to make report, order it to make corrections and take other regulatory measures against it including oral notification, written warning and cancellation of the filing of such overseas broker; where such overseas broker fails to make corrections within a prescribed time period and its behaviors may endanger the stable operation of the futures market or harm clients' legitimate rights or interests, the Exchange may require relevant FB member(s) to suspend or terminate the business appointed by such overseas broker:

- I. refusing to cooperate with the Exchange in investigating into any clients' violation;
- II. being suspected of violating any law or regulation or having any significant risk;
- III. violating the provisions on suitability management of traders;
- IV. violating other provisions of the Exchange with respect to overseas brokers.

When the principal-agent business of such overseas broker with an FB member is

suspended or terminated, such overseas broker shall not take new clients or establish any new position; where clients request to transfer their positions to other brokerage agencies, such overseas broker shall cooperate.

Article 25 Members, overseas brokers or clients who assist in providing or issuing false materials and violate the Exchange's relevant provisions during the declaration of hedging position quota shall be deprived by the Exchange of the qualification for applying for hedging position quota, and shall be imposed with a fine of no more than 5% of the total value of the fictitious hedging positions. Furthermore, based on the severity of violations, penalties including warning, criticism by circulating a notice, public condemnation, suspension from conducting part of futures or options business, forced position liquidation, confiscation of gains arising from violations, expulsion from member or participant status and cancellation of the filing of the overseas broker shall be imposed.

Article 26 Members, market makers or clients who violate the Exchange's provisions on position management shall be ordered to make corrections and penalties such as warning, criticism by circulating a notice, public condemnation and suspension from conducting part of futures or options business shall be imposed on such members, market makers or clients.

Article 27 Members conducting any of the following behaviors which are in violation of the Exchange's provisions on the management of information and computer communication equipment shall be ordered to make corrections and indemnify for any loss arising from such violations. Where the violations are minor, the Exchange shall impose penalties such as warning and suspension from establishing new positions for no more than one (1) month on such members and may impose a fine between CNY 10,000 and CNY 50,000 concurrently; where the violations are severe, the Exchange shall impose penalties such as criticism by circulating a notice, public condemnation, suspension from establishing new positions for one (1) to twelve (12) months and expulsion from member status on such members, and may impose a fine

of CNY 50,000 to CNY 200,000 concurrently:

- I. releasing the Exchange's information without the approval of the Exchange;
- II. using computers or other communication equipment at another member seat without permission;
- III. illegally stealing other members' business secrets which are related to trading and clearing funds via trading seats or disrupting trading systems;
- IV. illegally stealing business secrets which are related to registered warehouse receipts held by other members, overseas brokers or clients via registered receipt management system or disrupting the registered receipt management system.

The Exchange may suspend responsible parties from conducting futures and options business on the Exchange for no more than one (1) month; where the violations are severe, the Exchange may impose the penalties on responsible parties such as criticism by circulating a notice, public condemnation and suspension from conducting futures or options business on the Exchange for one (1) to six (6) months, or disqualify the responsible parties from conducting futures and options business.

Where an overseas broker or a client conducts the behaviors listed in item IV of paragraph 1 of this Article, the Exchange shall order such overseas broker or client to make corrections and indemnify for any loss arising from such violations, and shall impose penalties such as warning and criticism by circulating a notice on such overseas broker or client; where the violations are severe, the Exchange shall impose penalties such as criticism by circulating a notice, public condemnation, suspension from conducting futures or options business on the Exchange for one (1) to twelve (12) months and expulsion from participant status on such overseas broker or client.

Article 28 Where members, overseas brokers or clients violate the Exchange's regulations when engaging in the trading of registered warehouse receipts, the

Exchange shall impose penalties such as warning, suspension from trading registered warehouse receipts and a fine of CNY 10,000 to CNY100,000 on them. Where their violations are severe, the Exchange shall impose on them penalties including criticism by circulating a notice, public condemnation, expulsion from member status and cancellation of the filing of overseas brokers at the Exchange.

Article 29 Where futures market participants conduct any of the following behaviors which violate the provisions on the management of futures business, such futures market participants shall be ordered to make corrections and be subject to confiscation of the gains arising from the violations. In addition, the Exchange shall impose penalties on such futures market participants according to the severity of their violations including warning, forced liquidation of positions, suspension from establishing new positions for one (1) to twelve (12) months, expulsion from member or participant status and cancellation of the filing of overseas brokers at the Exchange; where there are no gains arising from the violations or the amount of the gains arising from the violations is less than CNY 100,000, a fine between CNY 10,000 and CNY 100,000 may be imposed concurrently; where the amount of the gains arising from the violations is over CNY 100,000, a fine between the equal amount and three (3) times of such amount may be imposed concurrently:

I. centralizing advantages in funds or positions or using information advantage, alone or by conspiracy, to continuously or jointly buy or sell contracts with the aim of affecting the futures prices or trading volumes;

II. evading the Exchange's position limits and maintaining excessive positions by transferring positions, splitting positions and bucketing to control or try to control market prices, and therefore disrupting the market order;

III. affecting futures prices, transferring funds or seeking unjustified interests by transferring positions, splitting position and bucketing;

IV. viciously and continuously placing trading orders to affect or try to affect futures trading prices, disrupt market order or transfer funds with no intention to complete the trades or with the knowledge that no trades can be completed with the orders so-placed;

V. acting as their own counterparties and frequently conducting self-trading to affect or try to affect the futures prices or trading volumes;

VI. trading upon inside or the State's confidential information or divulging inside information to others before the disclosure of the information that would significantly influence the futures prices;

VII. controlling large quantity of registered receipts of delivery warehouses by monopolizing and stocking the underlying commodities as well as centralizing open positions improperly, or occupying the storage capacities of delivery warehouses by various means without loading commodities in;

VIII. directly or indirectly manipulating or disrupting trading order, impeding or damaging fair trading, and impairing the interests of the State and the public with the purpose of manipulating the market;

IX. disrupting the market order by conducting exchange of futures for physicals (hereinafter "EFP") with no good will;

X. failing to use the Exchange's registered receipt management system as requested and thus affecting the normal operation of the system;

XI. failing to comply with the Exchange's requirements of risk warning or failing to make corrections as per the Exchange's requirements;

XII. other activities violating the provisions on the management of trading activities prescribed by the CSRC and the Exchange.

The term “bucketing” herein shall refer to the trading in which one party or both two parties conspire to trade at appointed time and price and in an appointed way.

Article 30 Where futures market participants conduct any of the following behaviors, the Exchange may adjust the settlement price of the current day:

- I. buying and selling futures contracts by acting as their own counterparties and thus significantly affecting the futures trading prices;
- II. any other behaviors that may result in abnormal fluctuation of futures trading prices or instant and significant deviation from the market prices.

Article 31 Where futures market participants are found by the Exchange to conduct any of the following behaviors, the Exchange shall timely report to the CSRC and file for registered investigation:

- I. manipulating the market or committing any other illegal acts in a severe way;
- II. affecting the delivery settlement price by self-trading or bucketing in a severe way;
- III. conducting futures trading by using a stolen trading password;
- IV. any other behaviors that are suspected to constitute criminal offenses or violate laws.

The Exchange shall, after reporting to the CSRC, reserve the right to suspend relevant traders from establishing new positions or to take other actions against above behaviors.

Article 32 Where trading representatives conduct any of the following behaviors, the Exchange shall issue a warning. Where their violations are severe, the Exchange shall impose the penalties on them including criticism by circulating a notice, public condemnation, suspension from trading for one (1) to twelve (12) months or expulsion from trading representative status, and a fine between CNY1,000 and

CNY10,000 may be imposed concurrently:

- I. violating the Exchange's regulations on the management of the trading hall;
- II. failing to observe the operating procedures and thus causing damages to the trading system;
- III. dismantling and moving equipment in the trading hall without authorization, or installing a telephone line or other equipment without permission;
- IV. falsifying, deceiving and using other dishonest means to be qualified as trading representatives;
- V. forging, tampering with and borrowing trading representative ID cards.

Where trading representatives conduct the behaviors prescribed in items II and III of this Article and thus cause damages, the members employing such trading representatives shall bear the responsibilities of making compensation.

Article 33 Where clearing delivery clerks conduct any of the following behaviors, the Exchange shall issue a warning. Where their violations are severe, the Exchange shall impose penalties on such clearing delivery clerks including criticism by circulating a notice, public condemnation, suspension from being clearing delivery clerks for no more than one (1) month and expulsion from clearing delivery clerk status, and a fine of CNY 1,000 to 10,000 shall be concurrently imposed:

- I. obtaining clearing delivery clerk status through false, fictitious or improper means;
- II. forging, tampering with or borrowing clearing delivery clerk ID cards.

Article 34 Where delivery warehouses, their direct management staff and other staff with direct responsibilities conduct any of the following behaviors, the Exchange shall order them to make corrections and confiscate their gains arising from violations.

Where their violations are relatively minor, the Exchange shall issue a warning and concurrently impose a fine of CNY10,000 to CNY100,000 on such delivery warehouses, and shall impose penalties on direct management staff and other staff with direct responsibilities such as criticism by circulating a notice and suspension from conducting futures-related business on the Exchange for no more than one (1) month, and a fine of CNY10,000 to CNY50,000 shall be imposed on them concurrently. Where the violations are severe, the Exchange shall impose penalties on such delivery warehouses including criticism by circulating a notice, public condemnation, suspension from delivery business, expulsion from delivery warehouse status or participant status, and where there are no gains arising from such violations or the amount of the gains arising from violations is less than CNY 100,000, a fine between CNY 100,000 and CNY 500,000 may be imposed concurrently; where the amount of gains arising from violations is over CNY 100,000, then a fine of the equal amount to five (5) times of the amount shall be imposed concurrently, and the Exchange shall impose on the direct management staff and other staff with direct responsibilities penalties including suspension from engaging in the future-related business on the Exchange for one (1) to six (6) months and expulsion from participant status, and a fine of CNY50,000 to CNY200,000 shall be imposed concurrently:

- I. conducting futures trading activities which are in violation of national regulations;
- II. issuing fictitious warehouse receipts;
- III. stealing and selling commodities rendered for delivery;
- IV. divulging storage information that is related to futures contracts and shall not be disclosed to public, or disseminating false information to mislead the market;
- V. affecting or attempting to affect the futures market prices with others;
- VI. storing the commodities listed on the registered receipts with specific brand name, trademark, specifications and quality grades with other commodities;

VII. delivering commodities having the specifications which are inconsistent with those listed on the warehouse receipts or other delivery documents;

VIII. delivering commodities without supporting documents or with insufficient supporting documents;

IX. failing to deliver commodities in the right quantity and packing standards as prescribed by the Exchange;

X. issuing registered receipts without going through required examination procedures;

XI. receiving and delivering wrong commodities;

XII. leaving the stored commodities to deteriorate, be destroyed or disappear due to improper storage;

XIII. causing damages to commodities and the packing materials of commodities during the processes of transportation, loading and unloading and stocking;

XIV. overcharging during delivery of commodities;

XV. deliberately creating difficulties and therefore making the sellers or buyers unable to fulfill their contractual obligations;

XVI. violating regulations on futures delivery business, and restricting and intentionally deferring the load in and load out of commodities;

XVII. rejecting and impeding the Exchange's legitimate supervision and inspection;

XVIII. other behaviors violating the provisions of the CSRC or the Exchange.

Article 35 In the event that members, overseas brokers, clients or any other futures market participants fail to perform contractual obligations deliberately in physical delivery, affect or attempt to affect the normal operation of physical delivery and

obtain illegal interests, the Exchange shall impose penalties on them according to the severity of their violations, and these penalties shall include warning, criticism by circulating a notice, public condemnation or suspension from conducting futures trading for one (1) to twelve (12) months, where there are gains arising from violations, such gains shall be confiscated and a fine of 10% to 30% of the value of the defaulted contracts shall be imposed concurrently.

Article 36 Where depository banks fail to perform relevant obligations prescribed in the Detailed Rules for Futures Clearing of Zhengzhou Commodity Exchange, the Exchange shall order such banks to make corrections and impose penalties such as warning, criticism by circulating a notice, public condemnation, suspension from conducting part of futures or options business and expulsion from depository bank status.

Article 37 Where members, overseas brokers, market makers, clients or any other futures market participants disrupt the order of trading management by various means, the Exchange shall impose penalties on them including warning and suspension from trading for no more than one (1) month, and the Exchange shall impose penalties on their staff with direct responsibilities including suspension from engaging in the Exchange's futures and options business for no more than one (1) month. Where the violations are severe, the Exchange shall impose penalties on them including criticism by circulating a notice, public condemnation, suspension from establishing new positions for one (1) to twelve (12) months, expulsion from member or participant status and cancellation of the filing of overseas brokers, and the Exchange shall impose penalties on their staff with direct responsibilities including suspension from engaging in trading the Exchange's futures and options contracts for one (1) to six (6) months and expulsion from participant status.

Article 38 Market participants having been expelled from participant status by the Exchange shall liquidate positions, close trading business and clear claims and debts within twenty (20) business days after the expulsion takes effect.

Market participants having been expelled from participant status by the CSRC or other futures exchanges shall not conduct futures and options business on the Exchange within the period when the decision stays effective.

Article 39 Where members, overseas brokers, market makers, clients or any other futures market participants conduct any of the following behaviors, the Exchange shall order them to make corrections and impose penalties on them including criticism by circulating a notice and suspension from establishing new positions for no more than twelve (12) months, and a fine between CNY 10,000 and CNY 200,000 shall be concurrently imposed:

- I. refusing to cooperate in any routine and registered investigation by the Exchange;
- II. refusing to implement the Exchange's decisions;
- III. making any report, representation, explanation or statement which is false, misleading or omits important facts;
- IV. providing fictitious documents, materials or information;
- V. refusing to implement the Exchange's restrictive measures or any other supervisory measures.

Article 40 Members, overseas brokers, market makers or clients in violation of the EFP regulations or entering into false or fictitious transactions shall be imposed with penalties as per the provisions in Article 28 of these Measures.

Article 41 The Exchange shall impose the following self-regulatory measures on the members, overseas brokers, market makers, clients or any other market participants that are suspected of material violations of regulations or failing to perform contractual obligations or whose violations have already resulted in corresponding consequences:

- I. oral warning;
- II. issuing a written letter of warning;
- III. arranging an interview;
- IV. requiring relevant market participants to make explanations publicly;
- V. requiring relevant market participants to attend trainings;
- VI. requiring relevant market participants to make reports on a regular basis;
- VII. requiring relevant market participants to submit letter of commitment;
- VIII. requiring relevant market participants to increase the frequency of internal compliance checking;
- IX. requiring relevant market participants to employ intermediary agencies to conduct checking and issue opinions;
- X. requiring relevant market participants to impose penalties on relevant staff;
- XI. reporting to the CSRC;
- XII. other self-regulatory measures prescribed in the trading rules and relevant detailed rules of the Exchange.

Article 42 Where the staff of the Exchange violate relevant provisions, such violations shall be handled according to the national laws, regulations, and the Exchange's personnel management system as well as the provisions on clean and upright administration.

Article 43 Where judicial and administrative enforcement authorities require the Exchange to assist in freezing or transferring the funds of non-FB members in the

Exchange's special clearing account pursuant to effective legal documents, the Exchange shall assist in freezing or transferring such non-FB members' clearing reserve funds in excess of three (3) times of the price limits of the contracts held by them; where the funds of FB members in the Exchange's special clearing account could not be frozen or transferred by the Exchange, the Exchange shall explain the reasons to the judicial and administrative enforcement authorities.

Chapter 4 Decision and Enforcement

Article 44 The Exchange's decisions on the expulsion from member or participant status shall be determined by the Board of Governors.

Article 45 The Exchange shall investigate into and verify violations and make sure that there is no ambiguity on facts and the evidences are irrefutable, after which the Exchange shall make a decision pursuant to the Bylaws of Zhengzhou Commodity, Trading Rules of Zhengzhou Commodity Exchange and these Measures.

Article 46 The Exchange shall prepare a written decision on the penalties for violations. Such written decision shall contain the following information:

- I. the name and address of the parties involved;
- II. the facts and supporting evidences of violations;
- III. the category and basis of the penalties for violations;

IV. the enforcement methods and period of validity of the penalties;

V. the channel and time limit of the application for a review on the decision;

VI. the date when the decision was made.

Article 47 A written decision shall be delivered by the Exchange to the party involved. Where the party involved is a member, the decision shall be deemed as received after being sent to its trading seat; where the party involved is not a member, the decision shall be delivered by mail, and it shall be deemed as received after two (2) business days if being mailed inside the country, five (5) business days to other cities and ten (10) business days abroad. The mailing address kept by the Exchange shall be the confirmed address for mailing. The written decision shall be concurrently sent to appropriate departments which assist in enforcing the decision.

If, according to the regulations of the CSRC, the written decision made by the Exchange shall be reported to the CSRC, the Exchange shall send a copy to the CSRC accordingly.

Article 48 A written decision made by the Exchange shall take effect on the day when it is received. Where a party involved is dissatisfied with the written decision, such party may apply to the Exchange for a review on the decision within ten (10) days after the effective day of the written decision. During the review period, the enforcement of the written decision shall not be suspended.

Article 49 The Exchange shall make a review decision within one (1) month after the receipt of the review application. The review decision shall be the final decision.

Article 50 Written decisions shall be forcedly enforced by the Exchange if members, overseas brokers, clients, delivery warehouses, depository banks, designated quality inspection agencies, information service providers and any other futures market participants which shall enforce the decisions refuse to perform their obligations.

Relevant futures market participants shall cooperate with the Exchange in enforcing relevant decisions on violations.

Article 51 The party involved shall transfer a certain amount of money as a fine as prescribed in written decision to the account designated by the Exchange within five (5) days after the decision takes effect. Where the party fails to pay the fine within a prescribed time period, the Exchange shall transfer the amount of the fine from corresponding member's special fund account to the designated account. Any fine imposed on the staff of the member shall be paid by the member on behalf.

Members and overseas brokers shall cooperate with the Exchange in enforcing the penalties imposed on clients and market makers by transferring the funds deposited at the members by such clients and market makers.

Article 52 The defaulting delivery warehouses shall transfer a certain amount of money as a fine as prescribed in written decision to the account designated by the Exchange within five (5) days after the decision takes effect; the fine imposed on the staff of such delivery warehouses shall be paid by such delivery warehouses on behalf. Where such delivery warehouses fail to pay the fine within a prescribed time period, the Exchange shall transfer the amount of the fine from the delivery guaranty funds paid by the delivery warehouse.

Chapter 5 Mediation

Article 53 Futures trading disputes among members, overseas brokers, clients, delivery warehouses, depository banks, designated quality inspection agencies, information service providers and any other futures market participants shall be

settled through negotiations by themselves or submitted to the Exchange for mediation.

Article 54 The mediation body of the Exchange is the Mediation Committee set under the Board of Governors of the Exchange, and the Committee's resident office shall be the Legal Affairs & Compliance Department of the Exchange.

Article 55 The mediation shall be conducted on the grounds of unambiguous facts and clear-defined responsibilities and in accordance with national laws and regulations on futures trading and the rules and regulations of the Exchange.

Article 56 The party involved shall apply to the Mediation Committee for mediation within thirty (30) days after such party knows or should know its legitimate rights and interests are infringed.

Article 57 The party involved applying for mediation shall satisfy the following conditions:

- I. having an application letter for mediation;
- II. being able to provide specific facts, reasons and intended claims for mediation;
- III. the disputes rendered for mediation shall be within the mediation scope of the Mediation Committee.

Article 58 The party involved, when applying to the Mediation Committee for mediation, shall submit a written application along with supporting documents. The written mediation application shall include the following information:

- I. the name, gender, age, occupation, employer and residential address of such party, the name and location of the unit involved, and the name and title of the legal representative and the head of the unit;

II. the facts, reasons and intended claims for mediation;

III. relevant evidences.

Article 59 The Mediation Committee of the Exchange shall, after receiving the mediation applications, carefully review the application materials and inform the applicants whether to accept the applications or not in paper.

Article 60 The Mediation Committee shall not accept the mediation applications in one of the following situations:

I. the parties involved have already filed lawsuits to local courts of China;

II. the parties involved have already applied to the arbitration agencies for arbitration;

III. one of the two parties involved request for mediation while the other is unwilling to;

IV. other situations in which the Mediation Committee decides not to accept the mediation applications.

Article 61 The Mediation Committee shall complete mediation within thirty (30) days after accepting a mediation application. Where the mediation could not be completed within a prescribed time period due to complicated situations, the Mediation Committee shall continue to conduct mediation with the approval of all parties involved; and the mediation shall be terminated if the parties involved fail to reach an agreement on further mediation.

Article 62 The parties involved shall bear the burden of proof pursuant to relevant provisions. The Mediation Committee itself may investigate into and gather evidences when it considers necessary.

Article 63 The Mediation Committee shall conduct mediation after ascertaining facts,

distinguishing the right from the wrong and making sure the parties involved are willing to resort to mediation, and shall promote the mutual understanding of the parties and help the parties reach agreements.

Article 64 Any agreement reached through mediation shall be recorded in a mediation statement. A mediation statement shall take effect after being signed by the parties involved and the mediator and being affixed by the Mediation Committee with its official stamp.

Article 65 A mediation statement shall include the following information clearly:

I. the names and residential addresses of both parties involved, and the names and titles of the legal representatives or the heads of the two parties concerned;

II. the issues and intended claims of the disputes;

III. mediation results.

Article 66 The Mediation Committee shall conclude mediation within thirty(30) days after accepting the application for mediation; where the mediation is not settled in due time, the Mediation Committee shall provide the parties involved with an explanation. Where both parties involved would like the mediation to be continued, the Mediation Committee shall continue to conduct mediation. If one of the two parties intends to terminate the mediation, the mediation shall be terminated.

Article 67 Where the parties involved cannot reach an agreement after mediation, the parties may apply for arbitration at an arbitration agency within the territory of the People's Republic of China (hereinafter "the PRC") or file a lawsuit at the people's courts within the territory of the PRC.

Chapter 6 Supplementary Provisions

Article 68 The term “futures trading” herein shall include the trading of both futures and options contracts.

Article 69 The Exchange shall reserve the right to interpret the Measures.

Article 70 The terms “no more than” or “no less than” and “within” used in these Measures all include the given number.

The currency unit herein shall be CNY. Where funds in any foreign currency are involved herein, the corresponding CNY amounts shall be determined as per the exchange rate of the time when the behaviors take place.

Article 71 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.)