



CORN FUTURES TRADING MANUAL



DCE Investor Education Material

Futures Trading Manual Series

Dalian Commodity Exchange



CORN FUTURES TRADING MANUAL



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I. Corn Contract Overview

Corn is one of the gramineal herb annuals. Of the world's three major grains, corn boasts the highest total output and average yield. China's acreage and total output of corn ranks second in the world. As one of the world's most widely grown grains, corn is primarily cultivated in North America, as well as Asia, Latin America and Europe. It accounts for over 65% of the world's coarse food grain and 90% of that of China. Corn kernels contain 70-75% of starch, around 10% of protein, 4-5% of fat, and around 2% of vitamins. Corn can be processed into over 3,000 kinds of products. It is the most important raw material in producing compound feed, taking up 65-70%.

Corn is also one of the most important grains in the world, especially in some African and Latin American countries. Corn is currently the staple food grain for around 1/3 of the world's population.

As the earliest ones, grain futures takes up a considerable percentage in commodity futures. Currently, agriculture ones are the most traded and its trading volume is growing steadily, accounting for around 43% of the total trading volume of commodity futures, much larger than that of energy and metal ones. Corn's inherent seasonal fluctuation makes it stays attractive as an investment instruction in the international futures market. Internationally, the trading volume of corn futures remains within the top five. Domestically, the trading volume and open positions of agricultural futures are significant. As corn is industrially highly demanded, sensitive to price movements, with a long industrial chain and a large number of companies involved, relevant companies are in strong need of corn futures for hedging and investment purposes. However, the corn market retracts slightly in recent years as regulation strengthens.

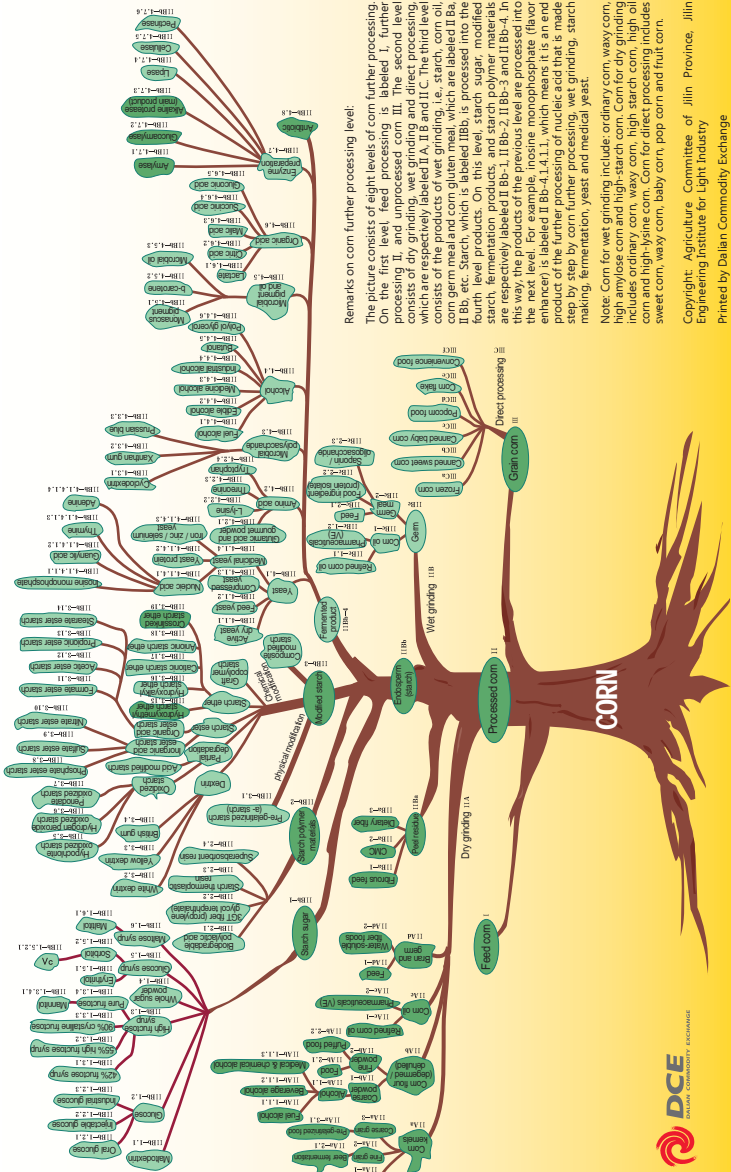
Trading Volume and Percentage of Global Commodity Futures and Options, 2010-2013

Unit: million contracts

| | 2010 | | 2011 | | 2012 | | 2013 | |
|---------------------|-----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| | Volume | % | Volume | % | Volume | % | Volume | % |
| Agriculture | 1305.55 | 6% | 996.8 | 4% | 1254.4 | 6% | 1213.2 | 5.60% |
| Energy | 723.61 | 3% | 814.8 | 3% | 925.5 | 4% | 1265.5 | 5.80% |
| Precious Metals | 174.94 | 1% | 342.1 | 1% | 319.2 | 2% | 430.6 | 1.80% |
| Non-Precious Metals | 643.65 | 3% | 435.1 | 2% | 554.2 | 3% | 646.3 | 3.20% |
| Other | 19576.9 | 87% | 22392.9 | 90% | 18136.8 | 86% | 18087.8 | 83.60% |
| Total | 22424.69 | 100% | 24981.7 | 100% | 21190.1 | 100% | 21643.4 | 100% |

Note: 2009's statistics are collected from 78 exchanges all over the world, that of 2010 from 81 exchanges and those of 2011, 2012 and 2013 from 84 exchanges.

Tree Diagram of Corn Processing Products



Remarks on corn further processing level:
 The picture consists of eight levels of corn further processing. On the first level, feed processing is labeled I, further processing II, and unprocessed corn III. The second level consists of dry grinding, wet grinding and direct processing. The third level consists of products of wet grinding, i.e., starch, corn oil, corn germ meal and corn gluten meal, which are labeled II Bb, II Bb etc. Starch, which is labeled IIBb, is processed into the fourth level products. On this level, starch sugar, modified starch, fermentation products, and starch polymer materials are produced. The products of this level are processed into the next level. For example, inosine monophosphate (flavor enhancer) is labeled II Bb-4.1.1.1, which means it is an end product of the further processing of nucleic acid that is made step by step by corn further processing, wet grinding, starch making, fermentation, yeast and medical yeast.

Note: Corn for wet grinding include: ordinary corn, waxy corn, high amylose corn and high-starch corn. Corn for dry grinding include: ordinary corn, waxy corn, high amylose corn and high-lysine corn. Corn for direct processing includes sweet corn, waxy corn, baby corn, pop corn and fruit corn.

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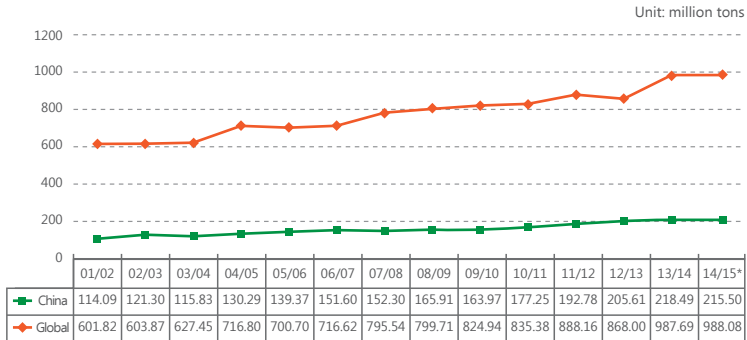


II. Production, Distribution and Consumption of Corn

1. World Production

More than 960 million tons of corn is collected from over 177 million hectares all over the world every year, accounting for 30-35% of the world's total amount of grains. The combined outputs of the world's top four corn growers, that are, the U.S., China, Brazil and Argentina, accounts for approximately 70% of the world's total, with the U.S. and China contributing over 30% and around 25% respectively.

Corn Production, China and World, 2001/02-2014/15



Source: United States Department of Agriculture

2. World Import and Export

In the past few years, the global import and export of corn remains around 90 to 110 million tons. The U.S., Argentina and Brazil, the major corn producers, are top corn exporters. The annual average corn export of U.S. is around 40 million tons, or 55-65% of global corn trade, while that of Argentina is around 9-20 million tons. Brazil's export of corn has been increasing in recent years. Although China is the world's second largest corn producer, its export is scanty in recent years.

World Corn Export, 2001/02-2014/15

Unit: 1,000 tons

| | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15* |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| World | 72739 | 76782 | 79037 | 75974 | 82547 | 91330 | 98160 | 83604 | 92747 | 91709 | 103724 | 100512 | 129624 | 114790 |
| U.S. | 47271 | 40924 | 48809 | 45347 | 56084 | 54214 | 60663 | 47758 | 49696 | 45162 | 38389 | 18262 | 50707 | 44500 |
| Argentina | 8581 | 12349 | 10439 | 13752 | 10719 | 15734 | 15676 | 8466 | 16973 | 15198 | 16501 | 22789 | 12846 | 12000 |
| Brazil | 3857 | 3181 | 5818 | 1431 | 2826 | 8071 | 7883 | 7178 | 8623 | 11582 | 12674 | 26044 | 22041 | 22000 |
| China | 8611 | 15244 | 7553 | 7589 | 3727 | 5269 | 549 | 172 | 151 | 111 | 91 | 81 | 22 | 100 |
| South Africa | 1182 | 1141 | 797 | 1517 | 1406 | 431 | 1124 | 2111 | 1586 | 2839 | 1831 | 2398 | 2104 | 2500 |

Source: United States Department of Agriculture



Corn importers are mainly Asian. Every year, Japan and South Korea respectively import an average of 15-16 million and 7-9 million tons of corn, mainly from the U.S. From 2006/07 to 2013/14, the E.U.'s corn import increased markedly, except for 2008/09 and 2009/10. Other than that, its import stayed less than 6 million tons. In recent years, Mexico's corn import has increased to 7-11 million tons, while those of Taiwan Province of China and Canada being 4-5 million tons and 1-5 million tons respectively.

World Corn Import, 2001/02-2014/15

Unit: 1,000 tons

| | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15* |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| World | 71752 | 75727 | 75727 | 76142 | 79707 | 79707 | 99902 | 82101 | 90060 | 90981 | 101176 | 98832 | 122948 | 109760 |
| Japan | 16395 | 16863 | 16863 | 16485 | 16617 | 16617 | 16614 | 16531 | 15971 | 15648 | 14892 | 14412 | 15121 | 15400 |
| South Korea | 8617 | 8781 | 8781 | 8633 | 8483 | 8483 | 9311 | 7188 | 8461 | 8107 | 7636 | 8174 | 10406 | 9600 |
| Canada | 4022 | 3846 | 3846 | 2237 | 1962 | 1962 | 3117 | 1844 | 1961 | 984 | 747 | 493 | 671 | 1000 |
| Egypt | 4905 | 4848 | 4848 | 5398 | 4397 | 4397 | 4151 | 5031 | 5832 | 5803 | 7154 | 5059 | 8500 | 7500 |
| E.U. | 2187 | 2626 | 2626 | 2434 | 2525 | 2525 | 14051 | 2457 | 2758 | 7385 | 6113 | 11362 | 15919 | 7000 |
| Mexico | 4076 | 5269 | 5269 | 5945 | 6787 | 6787 | 9556 | 7764 | 8298 | 8252 | 11172 | 5676 | 10954 | 10900 |
| Taiwan | 4661 | 4681 | 4681 | 4562 | 4533 | 4533 | 4527 | 4532 | 4521 | 4134 | 4341 | 4232 | 4400 | 4200 |

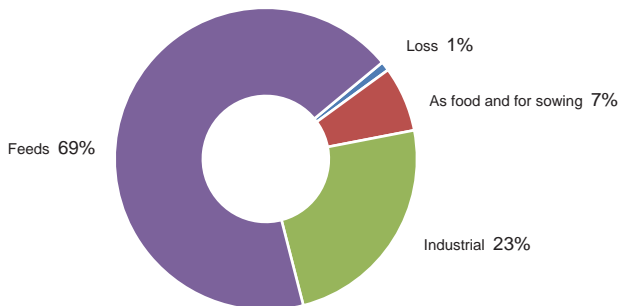
Source: United States Department of Agriculture

3. World Consumption

The annual global consumption of corn has been over 600 million tons ever since 1999/2000, and over 800 million tons since 2009/10. In 2013/14, over 900 million tons of corn is consumed all over the world. Corn is consumed in four main ways: as food, as feed, for industrial processing and for sowing.

Corn is dubbed “the king of feeds”. Globally, over 500 million tons of corn has been consumed as feeds since 2010/11, about 60% of total corn consumption. With the development of corn processing, the demand for corn will be on an increase and the tension between demand and supply will be more visible.

China Corn Consumption Breakdown, 2014/15



Source: yumi.com.cn

World Corn Consumption 2001/02-2014/15

Unit: 1,000 tons

| | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15* |
|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| World | 622500 | 627503 | 649366 | 688558 | 706750 | 726600 | 774145 | 782059 | 818745 | 852976 | 866652 | 868755 | 944914 | 968909 |
| U.S. | 200941 | 200748 | 211595 | 224610 | 232015 | 230674 | 261632 | 258041 | 280987 | 284549 | 277914 | 262973 | 293045 | 300877 |
| Argentina | 4150 | 4100 | 4400 | 5200 | 6200 | 6700 | 6800 | 6400 | 6900 | 7300 | 7000 | 7900 | 8700 | 9200 |
| Brazil | 35000 | 35800 | 36300 | 38500 | 39500 | 41000 | 42500 | 45500 | 47000 | 49500 | 50500 | 52500 | 55000 | 56500 |
| China | 123100 | 125900 | 128400 | 131000 | 137000 | 145000 | 150000 | 153000 | 165000 | 180000 | 188000 | 200000 | 212000 | 216000 |
| South Africa | 8446 | 8520 | 8677 | 9700 | 8200 | 8600 | 9600 | 9900 | 10300 | 10650 | 10700 | 11000 | 11500 | 11800 |
| Japan | 16300 | 16800 | 17200 | 16500 | 16700 | 16500 | 16600 | 16700 | 16300 | 15700 | 14900 | 14500 | 15100 | 15400 |
| South Korea | 8735 | 8782 | 8722 | 8666 | 8579 | 8833 | 8638 | 7894 | 8382 | 8214 | 7815 | 8481 | 9900 | 10100 |

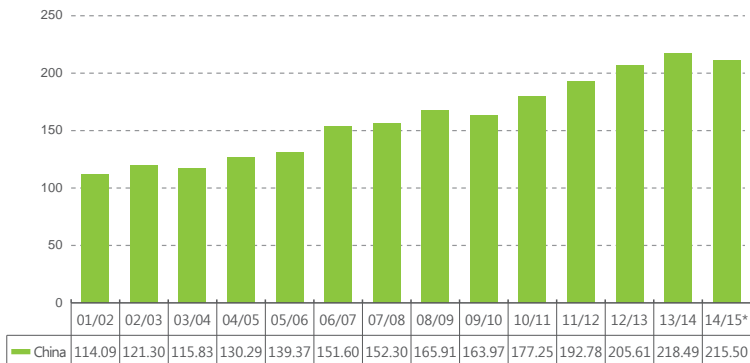
Source: United States Department of Agriculture

4. Domestic Production

China is the world's second largest corn producer. Corn is widely planted across the country. Over 65% of the country's corn is produced by eight northern provinces, i.e. Liaoning, Jilin, Heilongjiang, Inner Mongolia, Shanxi, Hebei, Shandong and Henan. Northeast region (including Inner Mongolia) is the largest production base of commercial corn in China, where corn acreage stands 10-14 million hectares, and annual production 60-90 million tons, or 40% of the country's total production, except for in years of poor harvest. The Yellow River and Huaihe River region in Northern China (including Beijing, Tianjin, Hebei, Shandong, Henna, Jiangsu and Anhui) harvests 60-65 million tons of corn, or 30-40% of the country's total from 10-11 million hectares every year, except for years of poor harvest, but with a commercial rate lower than the northeast region.

China Corn Production, 2001-2014

Unit: million tons



Source: United States Department of Agriculture



5. Domestic Consumption

China is a large corn consumer, where over 90% of corn is consumed as feeds and for industrial use. The processing of corn into starch, wine, medicine and ethanol is developing rapidly to accommodate the improvement of Chinese's living standard. China's corn production is generally on the rise, in line with the increase of consumption. China's corn export dropped dramatically since 2007, enabling self-sufficiency. However, China has been rapidly increasing corn import since 2010, turning itself into a complete corn importer.

China Corn Supply and Demand Balance Sheet, 2001/02-2014/15

Unit: 1,000 tons

| Year | Beginning Stocks | Production | Import | Feed | Food, Sowing, Industrial (FSI) | Export | Ending Stocks |
|------------|------------------|------------|--------|--------|--------------------------------|--------|---------------|
| 2001/2002 | 102372 | 114088 | 39 | 94000 | 29100 | 8611 | 84788 |
| 2002/2003 | 84788 | 121300 | 29 | 96000 | 29900 | 15244 | 64973 |
| 2003/2004 | 64973 | 115830 | 2 | 97000 | 31400 | 7553 | 44852 |
| 2004/2005 | 44852 | 130290 | 2 | 98000 | 33000 | 7589 | 36555 |
| 2005/2006 | 36555 | 139365 | 62 | 101000 | 36000 | 3727 | 35255 |
| 2006/2007 | 35255 | 151600 | 16 | 104000 | 41000 | 5269 | 36602 |
| 2007/2008 | 36602 | 152300 | 41 | 106000 | 44000 | 549 | 38394 |
| 2008/2009 | 38394 | 165914 | 47 | 108000 | 45000 | 172 | 51183 |
| 2009/2010 | 51183 | 163974 | 1296 | 118000 | 47000 | 151 | 51302 |
| 2010/2011 | 51302 | 177245 | 979 | 128000 | 52000 | 111 | 49415 |
| 2011/2012 | 49415 | 192780 | 5231 | 131000 | 57000 | 91 | 59335 |
| 2012/2013 | 59335 | 205614 | 2702 | 144000 | 56000 | 81 | 67570 |
| 2013/2014 | 67570 | 218490 | 3277 | 154000 | 58000 | 22 | 77315 |
| 2014/2015* | 77315 | 215500 | 2000 | 158000 | 58000 | 100 | 78715 |

Source: United States Department of Agriculture

III. Major Factors Influencing Corn Price

1. Corn Supply

According to historical statistics, the U.S., China and South America are the world's largest producers, accounting for over 30%, about 25% and 10-15% respectively. Their production and supply are influential to the international market, with the production of the U.S. being the most important factor to global corn supply. The influence of productions of other countries and regions, which take up smaller percentage, is comparatively limited.

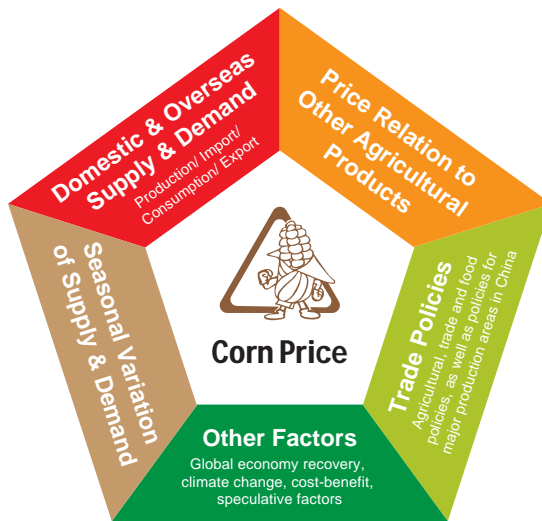
2. Corn Demand

The U.S. and China are both major corn producers and consumers. Corn prices are sensible to the demand of the U.S. and China, as well as other large consumers, such as the E.U., Japan, Brazil and Mexico. It is noteworthy that the demand for corn is propelled by the rapid development of corn further processing in the major corn consuming countries.

In China, corn is basically consumed as human food, feeds and for industrial processing. Food uses for corn stays stable, and thus the least influential to the market. Over 70% of corn is consumed as feeds, which means the demand for corn in this use is rather influential to the market. The demand for corn for industrial use, which accounts for around 28% of corn consumption, plays a role in the market as well.

3. Corn Import and Export

Corn market is highly sensitive to import and export, since import increases domestic supply while export increases domestic demand. Internationally, we should keep an eye on the largest exporters, such as the U.S. and Argentina, and the largest importers, including Japan, South Korea and Southeast Asian countries, as the production and consumption of these countries has a direct impact on international corn import and export. Domestically, export policies should be closely followed as domestic corn market can be driven by export.



Major Factors Affecting Corn Price

4. Corn Stocks

In a given period, the stocks of a certain commodity reflect the change of its demand and supply. Therefore, observing the change of corn stocks helps to understand corn price movement. Generally speaking, supply is ample when stocks increase and in short when stocks decrease. In most cases, the amount of carryover stocks is negatively correlated to corn price.

5. Corn Cost-Benefit

Cost-benefit is one of the main factors affecting farmers' planting decisions. Corn price is related to the cost. Farmers will be reluctant to sell when the price is too low. And they will increase corn acreage next year when benefit increases, and vice versa.



6. Price Relation to Other Grains

The price relation between corn and other agricultural commodities influences the demand and supply, which in turn influences corn production and sale, and eventually leading to price movement. Therefore, great importance should be attached to price relation analysis, especially for the relation between corn and soybean planting and that between corn and wheat consumption.

7. Monetary Factor

Changes in interest rate and exchange rate, which are commonly seen in all economies, lead to fluctuation of commodity futures. Generally speaking, corn futures price goes up when the currency depreciates and down when the currency appreciates. Therefore, in addition to supply, demand and economic cycle, interest rate and exchange rate are also important factors affecting corn futures price.

8. Economic Cycle

World economy waxes and wanes. Economic cycle is inevitable and in fact a basic feature of modern economy. During an economic cycle, the fluctuation basically involves all sectors. Therefore, economic cycle means the fluctuation of the general economy, rather than part of it. As national income is used as a basic indicator of the general economy, economic cycle is indicated by the change in national income, and the resultant changes in production, employment, price, interest rate and so on. Economic cycle involves shifts over time between recovery, boom, recession and depression. Corn price fluctuates as a result. That means economic cycle is one of the main factors when predicting corn price movement in a macro-economy perspective.

9. Storage and Transportation Costs

Corn price can be influenced by factors affecting transportation costs, such as crude oil price, ocean shipping rate and transportation capabilities.

10. Relevant Websites

| | |
|---|---|
| Food and Agriculture Organization of the United Nations | http://www.fao.org |
| United States Department of Agriculture | http://www.usda.gov |
| National Corn Growers Association | http://www.ncga.com |
| CME Group | http://www.cmegroup.com |
| U.S. Grains Council | http://www.grains.org |
| Ministry of Agriculture of China | http://www.agri.gov.cn |
| China National Bureau of Statistics | http://www.stats.gov.cn |
| China Meteorological Administration | http://www.cma.gov.cn |
| China Corn Network | http://www.yumi.com.cn |

IV. Measures of Risk Management of Corn Futures Trading

1. Margin Requirements

The minimum trading margin of corn futures contract is 5% of the contract value. The trading margin for a newly opened position shall be charged as per the trading margin upon settlement on the previous trading day. The Exchange may adjust the levels of margins for each contract subject to market conditions.

(1) Margins of Soybean Meal Futures Contract Approaching Delivery Day

| Trading Date | Levels of Margins (CNY/Contract) |
|--|----------------------------------|
| The 15th trading day of the month immediately preceding the spot-month | 10% of contract value |
| The 1st trading day of the spot-month | 20% of contract value |

(2) The Exchange may increase the levels of margins subject to the increase of open interest of a contract, and release them to the market.



2. Position Limits

The position limit refers to the Exchange-stipulated maximum amount of speculative positions of a certain contract that a member or client can hold, calculated unilaterally. Positions established for the purpose of hedging, which should go through the approval procedures, are exempted from position limit.

Position limits of corn contracts for non-brokerage members and clients in non-spot-months (from contract launch date to the 9th trading day of the month immediately preceding the spot-month) are

| Unit: Contract | | |
|--|-----------------------|---------|
| Open interests calculated unilaterally | Non-Brokerage Members | Clients |
| >200,000 | 20% | 10% |
| ≤200,000 | 40,000 | 20,000 |

Position limits of corn contracts for non-brokerage members and clients from the 10th trading day of the month immediately preceding the spot-month to the spot-month are

| Unit: Contract | | |
|---|-----------------------|---------|
| Trading Date | Non-Brokerage Members | Clients |
| From the 10th trading day of the month immediately preceding the spot-month | 20,000 | 10,000 |
| The spot-month | 10,000 | 5,000 |

V. Procedures and Relevant Rules for Delivery of Corn Futures

1. Generation of Warehouse Receipts on Par

(1) Before delivering goods, the seller shall report its intention for delivery to the Exchange and pay a deposit of 10 CNY/MT, which will be refunded after the goods are delivered as required.

(2) The seller shall deliver the goods into the warehouse designated by the Exchange, and the warehouse shall inspect the goods in accordance with regulations.

(3) The Exchange shall make an on-site inspection on the goods which pass the inspection of the warehouse.

(4) The warehouse shall issue the Registration Application Form of Warehouse Receipts on Par to the client after the Exchange makes verification.

(5) The member shall fill in the Registration Application Form of Warehouse Receipts on Par as required, before registering at the Exchange, which will approve the registration upon confirmation and issue the Voucher of Warehouse Receipts to the member.

(6) The warehouse receipts on par may be used for delivery, transfer, goods pick-up and offset.

2. General Delivery Rules

(1) The corn futures contracts shall take the form of physical delivery.

(2) Physical delivery must be conducted by the members on behalf of the clients, and in the name of the members within the Exchange.

(3) No position shall be liquidated by delivery if its holder is a natural person client.

(4) At the close of the last trading day, the Exchange will match the contracts matured in the spot-month in computerized systems in the principle of “Least Matched Pairs”.

3. Delivery Forms

(1) The delivery of corn futures can be conducted in the forms of one-off delivery, exchange of futures for physicals (EFP) and rolling delivery.

(2) Delivery workflows

Flow Chart of One-off Delivery

| Date | Time | Buyer | Seller | The Exchange |
|--|-----------------------|---|--|--|
| Last trading day | After market closing | | | Transform the trading margins of the buying positions of the spot-month to be the delivery advances |
| The 1st trading day after the last trading day (The day for submitting the warehouse receipts on par) | Before market closing | | Submit to the Exchange all the warehouse receipts on par corresponding to its spot-month | |
| | After market closing | | | Publish such information as the products delivered at each delivery warehouse and the quantities of the warehouse receipts on par |
| The 2nd trading day after the last trading day (The matching day) | Before market closing | Declare the delivery intent to the Exchange according to the information published by the Exchange | | |
| | After market closing | After the determination of the matching result, the buyer shall, within one trading day after the matching day, notify the seller of the items related to issuance of the VAT special invoice, including the name, address, taxpayer's registration number, amount and other information, in accordance with the provisions of the tax authorities. | Additionally pay the balance payments corresponding to its spot-month contract positions | Carry out delivery matching, and the matching result and other information will be sent to the buying member and the selling member through the member service system. |
| The 3rd trading day after the last trading day (The handover day) | Before market closing | | | |
| | After market closing | | Issue to the buying member the <i>Voucher of Warehouse Receipts on Par</i> | |

Note: For detailed procedures, see *Detailed Delivery Rules of Dalian Commodity Exchange*.

Flow Chart of EFP

| Type | Application & Approval | Materials to be Submitted | Obligations of Buyer & Seller | Payment & Delivery | Delivery Fee |
|----------------------------------|--|--|---|--|--|
| EFP of warehouse receipts on par | Application before 11:30 of the trading day, and approval by the Exchange within the application day | EFP application; physicals sale and purchase agreement; applicable certification of payments; applicable certifications of warehouse receipts on par, entrance receipts, inventory receipts and other goods ownership certifications | Before settlement on the approval day, the seller shall submit warehouse receipts on par of corresponding quantity and VAT special invoice; the buyer shall pay in full amount. | The Exchange is responsible for handling warehouse receipts delivery and payment. | Charge according to the standard of delivery fee for the product |
| EFP of other warehouse receipts | Approval by the Exchange within three trading days after receiving the application day | EFP application; physicals sale and purchase agreement; applicable certification of payments; applicable certifications of warehouse receipts on par, entrance receipts, inventory receipts and other goods ownership certifications | The buyer and the seller shall submit certifications of delivery and payment after physicals trading. The Exchange shall be entitled to supervision and inspection. | The seller and the buyer negotiate and confirm the issues of delivery and payment. The Exchange will not assume any guarantee liability. | Charge according to the standard of delivery fee for the product |

Note: For detailed procedures, see *Detailed Delivery Rules of Dalian Commodity Exchange*.

Flow Chart of Rolling Delivery

| Delivery Steps | Buyer | | | Seller | | |
|------------------------|---|---|--|--|---|---|
| | Payments | Invoice | Warehouse Receipts | Positions | Invoice | Warehouse Receipts |
| Matching Day (1st Day) | Transform the trading margins of the matched buying positions to be the delivery advances | Provide information for VAT special invoice | - | The matched positions will be deducted from the positions of the spot-month contract. | Ask for information for VAT special invoice | Submit warehouse receipts on par of corresponding positions |
| Delivery Day (3rd Day) | Pay the remaining delivery payments | The VAT special invoice issued by the seller could be received on that very day at the soonest. | The warehouse receipts on par could be received after market closing of that very day. | 80% delivery payments will be received at first, with the remaining 20% to be received after the VAT special invoice is qualified. | Submit the VAT special invoice within seven days after matching | - |

Note: For detailed procedures, see *Detailed Delivery Rules of Dalian Commodity Exchange*.



(3) Delivery comparison

| | One-off Delivery | EFP | Rolling Delivery |
|--------------------|--|---|---|
| Handling Time | Within three trading days after the last trading day, namely, the day for submission of warehouse receipts on par, the matching day and the delivery day. | As of the contract listing date through the last but three trading day (inclusive) of the month preceding the spot-month. | As of the first trading day of the spot-month through the trading day immediately preceding the last trading day of the spot-month |
| Matching Time | The 2nd trading day after the last trading day | Negotiated by the buyer and the seller and within the handling period | The first day of the rolling delivery flow |
| Matching Principle | Priority goes to positions with longest average holding time; "Least Matched Pairs" | Negotiated by the buyer and the seller | Priority goes to sellers, buy positions with delivery intent, and buy positions with longest holding time |
| Settlement Price | Delivery settlement price | Negotiated by the buyer and the seller | Settlement price of the matching day |
| Main Features | Trading hours restricted; centralized handling of payments and delivery of warehouse receipts on par for the buyer and the seller on the last delivery day | Negotiated by the buyer and the seller; with either warehouse receipt on par EFP or non-standard warehouse receipt EFP | After initiated by the selling client holding both warehouse receipts on par and selling positions of the spot-month, the Exchange will organize the matched parties to complete delivery within the prescribed time. |

Note: For detailed procedures, see *Detailed Delivery Rules of Dalian Commodity Exchange*.

4. Delivery Expenses

(1) The delivery fee for corn is 1 CNY/MT.

(2) A price ceiling is implemented for delivery-in and delivery-out fees.

(3) The charging standard for warehousing and dissipation costs (including the storage cost, custody dissipation and fumigation cost) is as follows:

Nov. 1 - Apr. 30: 0.5 CNY per day per ton

May 1 - Oct. 31: 0.6 CNY per day per ton.

(4) The inspection fee for corn is CNY/MT.

Annex 1: DCE Corn Futures Contract



DCE Corn Futures Contract

| | |
|------------------------|--|
| Product | Yellow corn |
| Trading Unit | 10 MT/contract |
| Price Quote | CNY/MT |
| Tick Size | 1 CNY/MT |
| Daily Price Limit | 4% of last settlement price |
| Contract Months | Jan, Mar, May, Jul, Sep, Nov |
| Trading Hours | 9:00 - 11:30 am, 1:30 - 3:00 pm Beijing Time, Monday to Friday, and other hours noticed by DCE |
| Last Trading Day | 10th trading day of the spot-month |
| Last Delivery Day | 3rd trading day after the last trading day of the spot-month |
| Deliverable Grades | DCE Corn Delivery Quality Standard (FC/DCE D001-2013) (See Annex 2) |
| Delivery Location | The warehouses appointed by DCE |
| Minimum Trading Margin | 5% of the contract value |
| Trading Fee | Not more than 3 CNY/contract (Currently 1.2 CNY/contract) |
| Delivery Form | Physical delivery |
| Ticker Symbol | C |
| Exchange | DCE |

Annex 2: DCE Corn Delivery Quality Standard

DCE Corn Delivery Quality Standard (FC/DCE D001-2013)

1. Scope

The Standard herein dictates the quality guidelines, classification standards and inspection methods for corn delivered at DCE.

The standard herein applies to corn products on par and substitutes delivered under the corn futures contract of DCE.

2. Cited Rules

The provisions of the following rules are incorporated herein by reference. For those rules noted with dates, their amendments (excluding corrections) and revised versions may not be applied to this standard; for those without noted dates, their latest versions shall be applied to this standard.

GB 1353-2009 Corn

GB/T 20570-2006 Guidelines for evaluation of corn storage character

3. Definitions

Definitions under this standard are in accordance with GB 1353-2009 and GB/T 20570-2006.

4. Quality Guidelines

4.1 Par grade product quality requirements

| Volume Weight (g/L) | Impurity (%) | Moisture (%) | Unsound Kernel (%) | | Smell and Color |
|---------------------|--------------|--------------|--------------------|--------------|-----------------|
| | | | Total | Moldy Kernel | |
| ≥675 | ≤1.0 | ≤14.0 | ≤8.0 | ≤2.0 | Normal |

4.2 Discount by quality difference

| Item | Quality requirements for products on par | Quality requirements for substitutes | Discount (CNY/MT) |
|--------------------|--|--------------------------------------|-------------------|
| Volume Weight(g/L) | ≥675 | ≥650 and <675 | -40 |
| Moisture(%) | ≤14.0 | >14.0 and <14.5 | 0 |
| Moldy Kernels(%) | ≤2.0 | >2.0 and ≤4.0 | -50 |

4.3 Corn storage quality requirements

Warehouse entry: suitable to be stored; Warehouse exit: suitable for storage or slightly not suitable for storage.

4.4 Total unsound kernel rate of bulk grain exiting warehouses shall be ≤ 11%.

4.5 Sanitation inspection and foliage quarantine are subject to China's relevant standards and rules.

5. Inspection Method

Subject to GB 1353-2009 and GB/T 20570-2006.

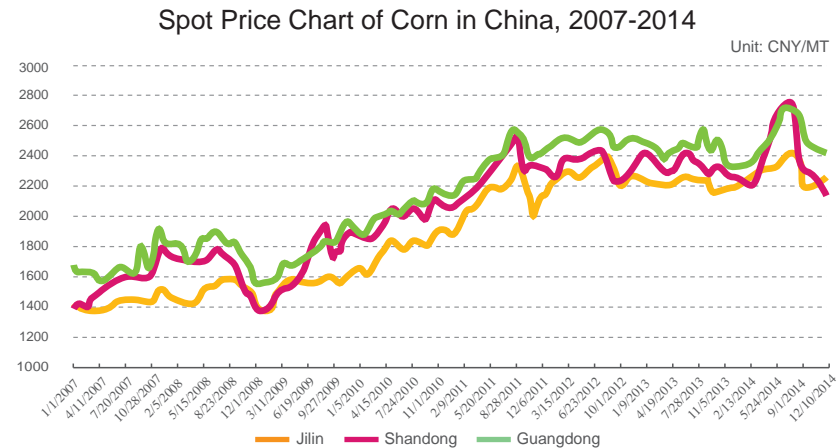
6. Additional Notes

DCE is responsible for interpretation of the standard herein.

Annex 3: List of Designated Delivery Warehouses for DCE Corn

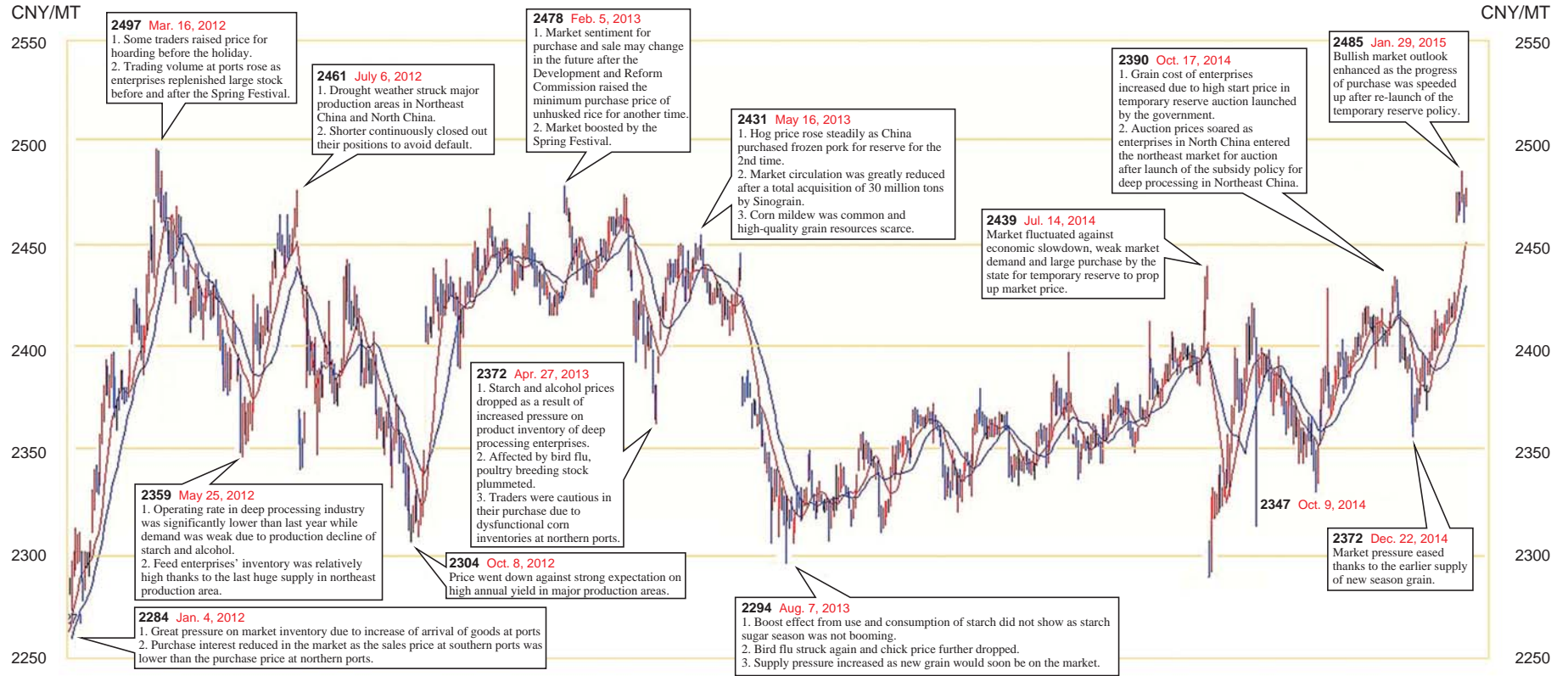
| No. | Name of Delivery Warehouse |
|-----|---|
| 1 | Jilin Grain Group Dalian Transportation and Marketing Corporation |
| 2 | Dalian Wujia State Grain Reserve Co., Ltd. |
| 3 | China Grain & Logistics Corporation Beiliang Co., Ltd. |
| 4 | Dalian Port Company Limited |
| 5 | Central Reserve Grain Dalian Depot |
| 6 | Ying Kou Port Group Corp. |
| 7 | Jinzhou Port Co., Ltd. |
| 8 | Liaoning Jinzhou Jinyang State Grain Reserve (Transit) Depot |

Annex 4: Spot Price Chart of Corn in China, 2007-2014



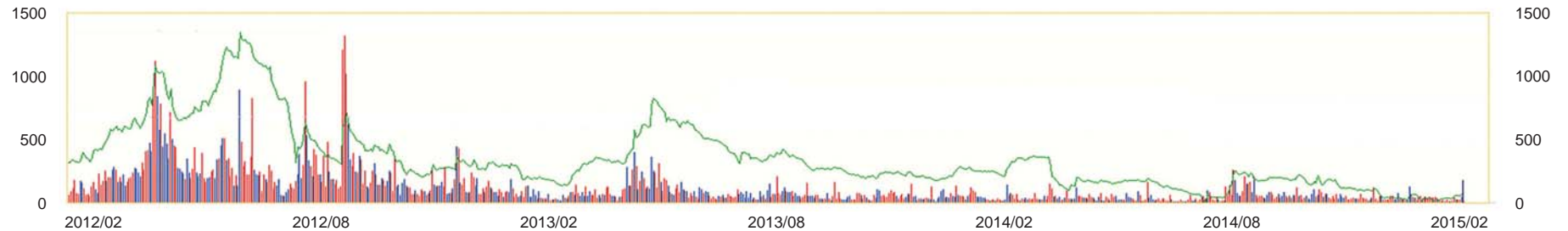
Annex 5: DCE Corn Price Daily Chart

DCE Corn Price Daily Chart 2012.1-2014.12



Unit: 1000 Contracts

Unit: 1000 Contracts



DCE Investor Education Material

Futures Trading Manual Series



Dalian Commodity Exchange



**CORN FUTURES
TRADING MANUAL**



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