DCE
SOYBEAN FUTURES PRODUCT SUITE

July, 2024

DCE

Dalian Commodity Exchange (DCE)

Established in 1993, Dalian Commodity Exchange (DCE) is one of five futures exchanges under the supervision and administration of the China Securities Regulatory Commission (CSRC) upon approval of the State Council. Currently DCE has 21 listed futures and 13 options approved by the CSRC. DCE futures products cover agricultural, petrochemical, energy and metal sectors, serving several important industries in China's national economy.

Dalian futures market helps in price discovery and risk management for market participants and facilitates development of related industries. In 2023, DCE was ranked 9th by the Futures Industry Association (FIA) in terms of total trading volume.

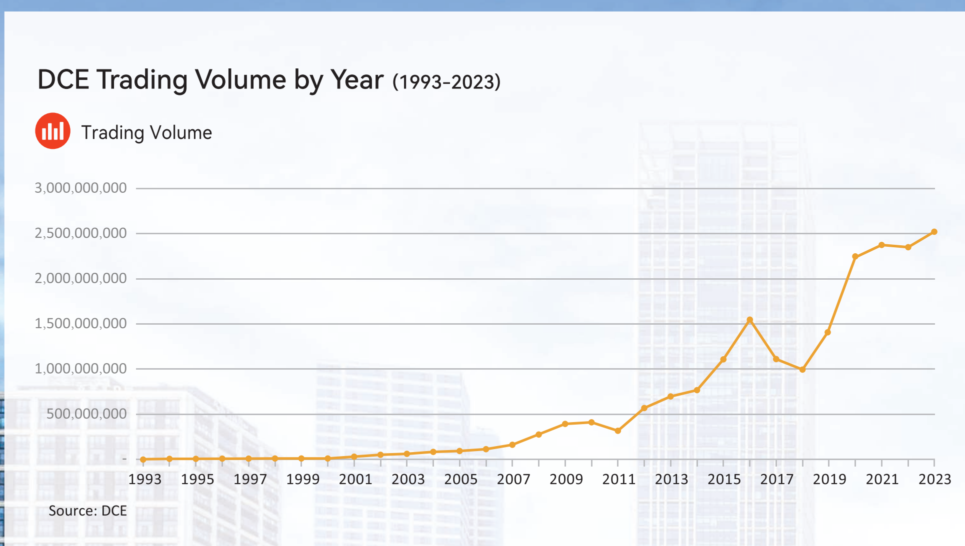
Opening-up

Since introducing overseas investors into its iron ore futures in May 2018, DCE has always been devoted to open up more products to overseas investors. Currently overseas investors could have access to iron ore futures, RBD palm olein futures, RBD palm olein options, No.1 soybean futures, No.2 soybean futures, soybean meal futures, soybean oil futures, No.1 soybean options, No.2 soybean options, soybean meal options and soybean oil options in DCE.

DCE provides direct access to overseas investors where overseas futures brokers and proprietary traders could apply for Overseas Special Participants, besides, overseas investors could also open accounts either through DCE futures company members directly or through sub-delegation channel where they have access to DCE futures company members via registered overseas intermediaries.

2023 DCE Annual Trading

2.50	9th	10.36	14.70
billion lots	FIA ranking	million lots of daily trading volume	million lots of daily open interest



Source: DCE

Contract Specifications

	No.1 Soybean Futures	No.2 Soybean Futures	Soybean Meal Futures	Soybean Oil Futures
Product	No.1 Soybean	No.2 Soybean	Soybean Meal	Crude soybean oil
Trading Unit	10 MT/Lot			
Price Quote Unit	CNY/MT			
Minimum Tick Size	1 CNY/MT			2 CNY/MT
Daily Price Limit Range	4% of last settlement price			
Contract Months	Jan, Mar, May, Jul, Sep, Nov	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec	Jan, Mar, May, Jul, Aug, Sep, Nov, Dec	Jan, Mar, May, Jul, Aug, Sep, Nov, Dec
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, and other trading hours announced by DCE			
Last Trading Day	The 10th trading day of the contract month			
Last Delivery Day	The 3rd trading day after the last trading day			
Deliverable Grades	No.1 Soybean Delivery Quality Standard of DCE (F/DCE A001-2018)	No.2 Soybean Delivery Quality Standard of DCE (F/DCE B003-2017)	Soybean Meal Delivery Quality Standard of DCE (F/DCE M004-2020)	Soybean Oil Delivery Quality Standard of DCE (F/DCE Y002-2020)
Delivery Point	The delivery warehouses designated by DCE			
Minimum Trading Margin	5% of the contract value			
Delivery Form	Physical delivery			
Ticker Symbol	A	B	M	Y

	No.1 Soybean Options	No.2 Soybean Options	Soybean Meal Options	Soybean Oil Options
Underlying Instrument	No.1 Soybean futures contract	No.2 soybean futures contract	Soybean Meal futures contract	Soybean Oil futures contract
Contract Type	Call option, put option			
Trading Unit	One lot (10 MT) of No.1 soybean futures contract	One lot (10 MT) of No.2 soybean futures contract	One lot (10 MT) of soybean meal futures contract	One lot (10 MT) of soybean Oil futures contract
Price Quote Unit	CNY/MT			
Minimum Tick Size	0.5 CNY/MT			
Daily Price Limit Range	The same as the daily price limit range of underlying futures contract	The same as the daily price limit range of underlying futures contract	The same as the daily price limit range of underlying futures contract	The same as the daily price limit range of underlying futures contract
Contract Months	January, March, May, July, September, November	January, February, March, April, May, June, July, August, September, October, November, December	January, March, May, July, August, September, November, December	January, March, May, July, August, September, November, December
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, and other trading hours announced by DCE			
Last Trading Day	The 12th trading day of the month immediately preceding the delivery month of the underlying futures contract, DCE may adjust the last trading day according to national holidays			
Expiration Day	The same as the last trading day			
Exercise Price	The exercise price shall be in the range of the settlement price of underlying futures on the last trading day ± (1.5 × daily price limit range of the same day) The option contracts corresponding to the immediate six calendar months: If exercise price ≤ 2,500 CNY/MT, exercise price interval = 25 CNY/MT; If 2,500 CNY/MT < exercise price ≤ 5,000 CNY/MT, exercise price interval = 50 CNY/MT; If exercise price > 5,000 CNY/MT, exercise price interval = 100 CNY/MT. The option contracts corresponding to the seventh and subsequent calendar months: If exercise price ≤ 2,500 CNY/MT, exercise price interval = 50 CNY/MT; If 2,500 CNY/MT < exercise price ≤ 5,000 CNY/MT, exercise price interval = 100 CNY/MT; If exercise price > 5,000 CNY/MT, exercise price interval = 200 CNY/MT.	The exercise price shall be in the range of the settlement price of underlying futures on the last trading day ± (1.5 × daily price limit range of the same day) The option contracts corresponding to the immediate six calendar months: If exercise price ≤ 2,500 CNY/MT, exercise price interval = 25 CNY/MT; If 2,500 CNY/MT < exercise price ≤ 5,000 CNY/MT, exercise price interval = 50 CNY/MT; If exercise price > 5,000 CNY/MT, exercise price interval = 100 CNY/MT. The option contracts corresponding to the seventh and subsequent calendar months: If exercise price ≤ 2,500 CNY/MT, exercise price interval = 50 CNY/MT; If 2,500 CNY/MT < exercise price ≤ 5,000 CNY/MT, exercise price interval = 100 CNY/MT; If exercise price > 5,000 CNY/MT, exercise price interval = 200 CNY/MT.	The exercise price shall be in the range of the settlement price of the underlying futures on the last trading day ± (1.5 × daily price limit range of the same day) The option contracts corresponding to the immediate six calendar months: If ecercise price ≤ 2 ,000CNY/MT,exercise price interval=25CNY/MT; If 2,000 CNY/MT< exercise price ≤ 5,000 CNY/MT, exercise price interval = 50 CNY/MT; If exercise price > 5,000 CNY/MT, exercise price interval = 100 CNY/MT. The option contracts corresponding to the seventh and subsequent calendar months: If exercise price ≤ 2,000 CNY/MT, exercise price interval = 50 CNY/MT; If 2,000 CNY/MT < exercise price ≤ 5,000 CNY/MT, exercise price interval = 100 CNY/MT; If exercise price > 5,000 CNY/MT, exercise price interval = 200 CNY/MT.	The exercise price shall be in the range of the settlement price of the underlying futures on the last trading day ± (1.5 × daily price limit range of the same day) The option contracts corresponding to the immediate six calendar months: If exercise price ≤ 5,000 CNY/MT, exercise price interval = 50 CNY/MT; If 5,000 CNY/MT < exercise price ≤ 10,000 CNY/MT, exercise price interval = 100 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 200 CNY/MT. The option contracts corresponding to the seventh and subsequent calendar months: If exercise price ≤ 5,000 CNY/MT, exercise price interval = 100 CNY/MT; If 5,000 CNY/MT < exercise price ≤ 10,000 CNY/MT, exercise price interval = 200 CNY/MT; If exercise price > 10,000 CNY/MT, exercise price interval = 400 CNY/MT.
Exercise Style	American style. The options buyer can apply to exercise the options in the trading hours of any trading day prior to the expiration date, and before 3:30 pm on the expiration date.			
Contract Symbol	Call option: A - Contract Month - C - Exercise Price Put option: A - Contract Month - P - Exercise Price	Call option: B - Contract Month - C - Exercise Price Put option: B - Contract Month - P - Exercise Price	Call option: M - Contract Month - C - Exercise Price Put option: M - Contract Month - P - Exercise Price	Call option: Y - Contract Month - C - Exercise Price Put option: Y - Contract Month - P - Exercise Price
Listed Exchange	DCE			

Physical Market

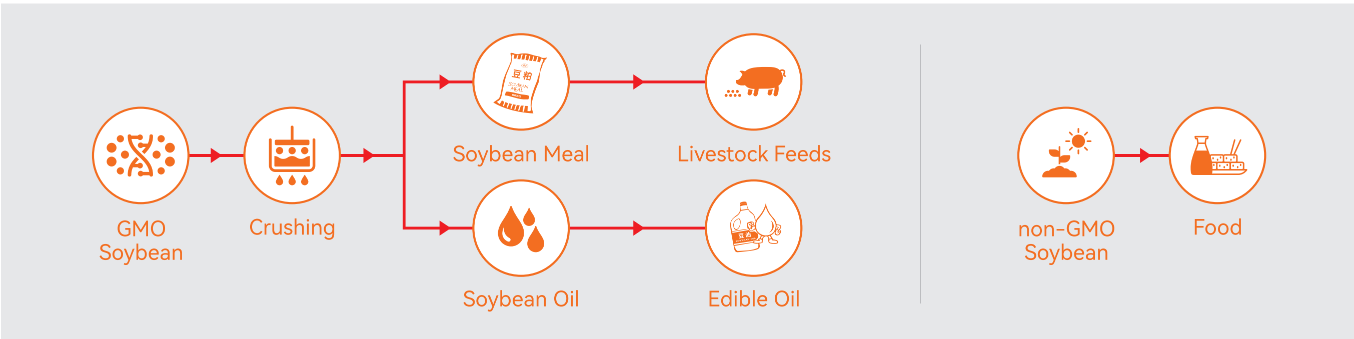
Overview of Soybean

Generally, soybeans can be classified into GMO (Genetically Modified Organism) soybeans and non-GMO soybeans which have not been genetic engineered and still have natural properties. GMO soybeans were first approved commercially in the United States in 1994. Currently, over 90% of global soybean output are GMO soybeans, while non-GMO soybeans are mainly produced in a few countries including China, India, Russia and Ukraine etc.

In China, non-GMO soybeans are primarily domestically harvested and used for human consumptions whereas GMO soybeans are imported from abroad and used for the crushing purpose.

Soybeans are processed into soybean meal and soybean oil through the crushing process during which soybeans are crushed to remove the hull and then rolled into flakes, which are then soaked in a solvent and put through a distilling process to produce crude soybean oil which are used as a type of edible oil. After the oil has been extracted, the soybean flakes are dried, toasted and ground into soybean meal which are mainly used as a form of livestock feeds.

Due to government policies and economic efficiency of crops, China chose to import GMO soybeans to meet skyrocketing needs for animal proteins and edible oils.

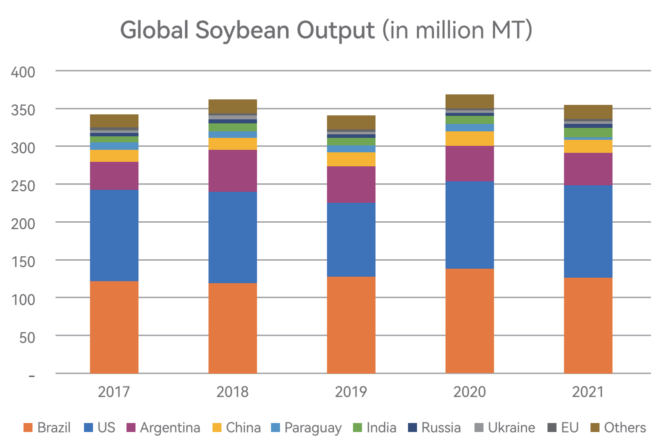


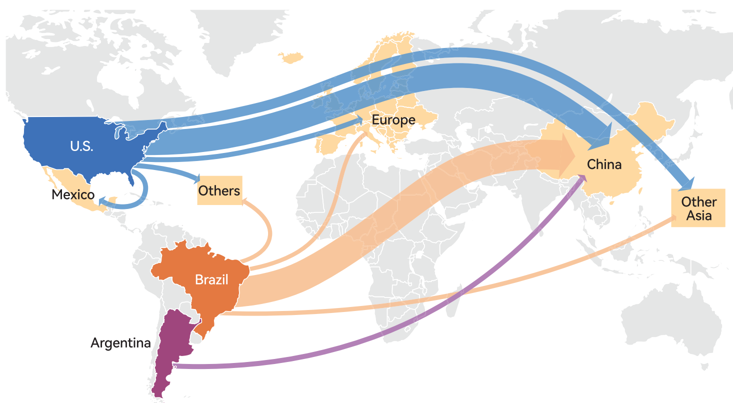
Global Soybean Market

Soybean is one of the most globally traded commodities, in 2021, global soybean output reached over 360 million MT within which around 60-70 million were non-GMO soybeans. Non-GMO soybeans produced by those major producers were mainly used to meet domestic needs and hence global trading volume of non-GMO soybeans was merely around 10 million MT, which was rather smaller when compared against that of GMO soybeans (approximately 170 million MT in 2021).

Brazil and US, which together occupied approximately 90% of 2021 global soybean export, are the top 2 exporters in the past few years. China has surpassed EU to be become the largest soybean importer since early 2000s, accounting for over 60% of global soybean import in the past few years. In 2021, the soybean import volume of China has reached 96 million MT while US, Brazil and Argentina remained as main exporters. Over 50% of US soybean exports and 66% of Brazil soybean exports were shipped to China.

Among China's soybean imports, over 99% were GMO soybeans which were used for the crushing purpose, while non-GMO soybeans mainly came from countries such as Russia and Ukraine which together added up to around 1.5 million MT.





Soybean Meal and Soybean Oil Market

Soybean meals are one of the by-products of soybean crushing process. As a crucial source of protein, soybean meals are mainly used for animal feeds, around 85% of soybean meals produced in China would then be used to make animal feeds for pigs and poultries.

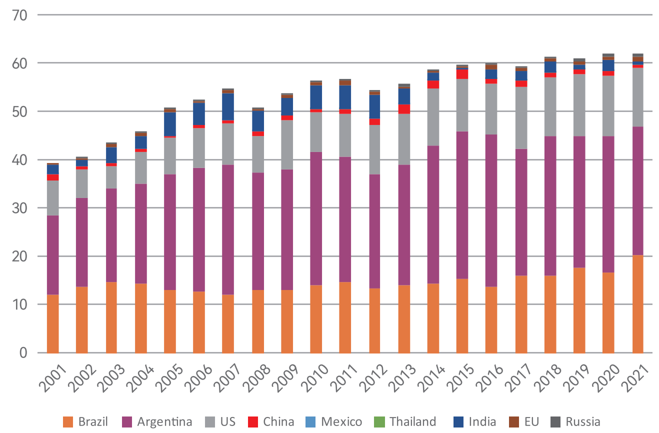
In recent years, with rapid development of population and economy of China, domestic demands for animal protein and cooking oil were also escalating, which resulted in skyrocketing demands for soybean oil which is also the most consumed type of vegetable oil in China as well as soybean meal which acts as the main raw material of animal feeds.

Based on the highest crushing capacity worldwide, China's domestic demands of soybean oils and soybean meals was generally met by its own crushing plants, the crushing capacity of China has reached 100 million MT by the end of 2021. For years, China has been the largest producer and consumer of soybean meal and soybean oil, while soybean meal and oil produced in China were mainly used to meet domestic consumption instead of cross-border trading, as a consequence, the export and import volumes of soybean meals and soybean oils for China are rather low when compared against other major producers.

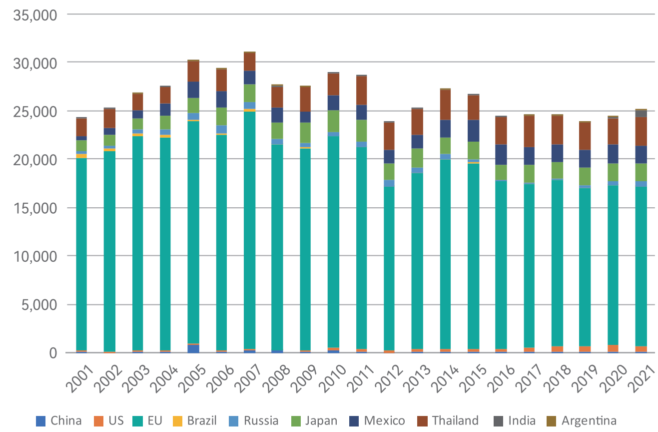
In the global market for soybean meal and soybean oil, Argentina, Brazil and US are the biggest exporters of soybean meals and soybean oils while main importers included India, EU and China, though absolute amounts are rather small.

For export market of soybean meal, Argentina, Brazil and US are the top 3 exporters, which together accounts for approximately 85% of the global export market, especially Argentina which accounts for over 42%, is the largest exporter of soybean meal. The trading flow of global soybean meal market generally starts from main exporters including Argentina, Brazil, US toward main importers such as EU as well as some Asia-pacific countries.

Global Soybean Meal Export
(in million MT)

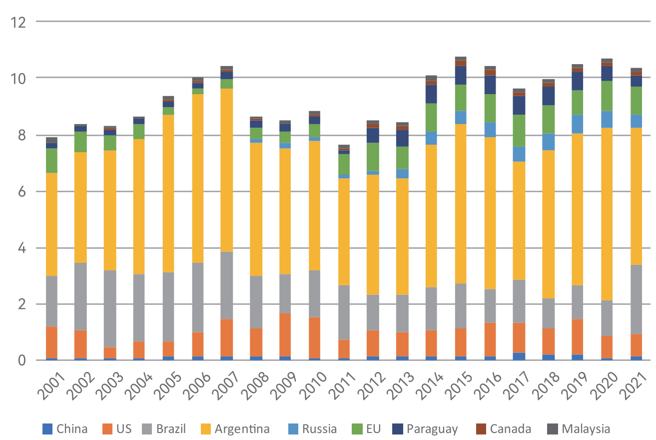


Global Soybean Meal Import
(in thousand MT)

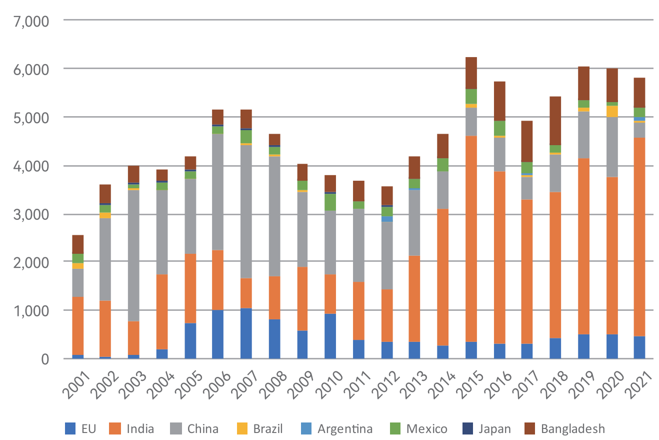


For export of soybean oil, Argentina, Brazil and US still remain the top 3 exporters by volume, especially Argentina which accounts for over 50% of the global soybean oil export, has exported over 5 million MT per annum on average. For import, India and China are main importers.

Global Soybean Oil Export
(in million MT)



Global Soybean Oil Import
(in thousand MT)



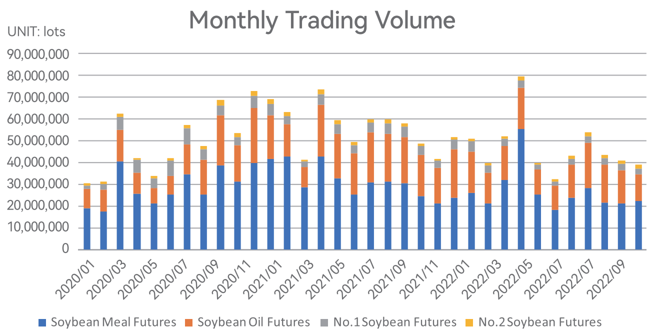
Futures Market

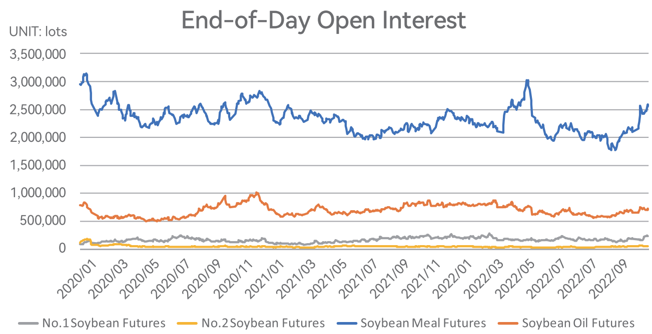
Product Suite

DCE has launched soybean futures back in 1993, due to government policies and market trends in spot markets, the soybean futures contracts have been replaced by No.1 soybean futures (launched in 2002) and No.2 soybean futures (launched in 2004).
No.1 soybean futures contracts are based on non-GMO soybeans used for edible purposes while No.2 soybean futures contracts are based on non-GM soybeans and imported GMO soybeans used for crushing purposes.
DCE launched soybean meal futures and soybean oil futures in 2000 and 2006 respectively while soybean meal options were launched in 2017 which was also the first commodity option product within the China futures market.
DCE soybean oil options, No.1 soybean options and No.2 soybean options were launched in 2022.

Trading Statistics

Since the listing, DCE soybean meal futures and soybean oil futures have evolved to be one of the most traded agricultural futures by volume, DCE soybean meal futures are also the most liquid soybean meal futures product by tonnage.

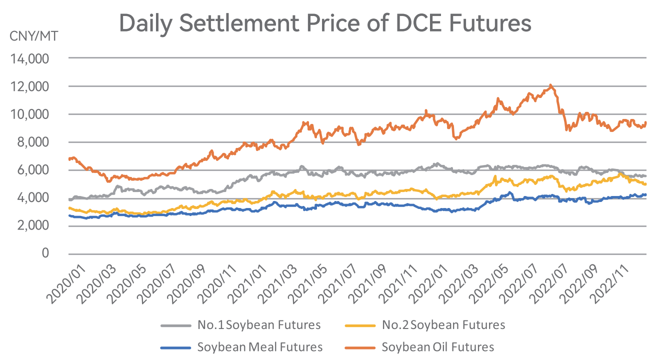


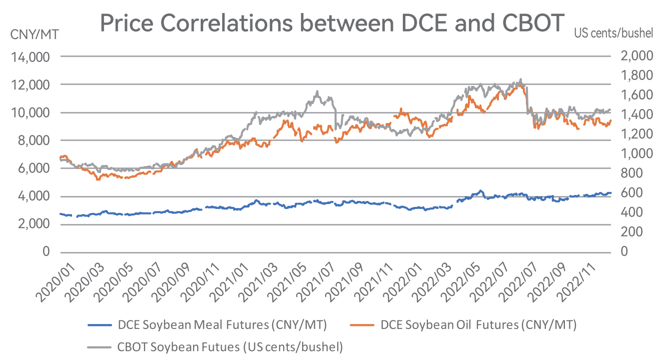


Reference Pricing

Prices discovered on DCE serve as crucial references for the physical market, currently, around 90% of middle-large size oil and oilseeds enterprises already participated in the DCE futures market, over 70% of soybean meal physical trades and over 40% of soybean oil physical trades in China are using DCE futures prices as the pricing benchmarks. Due to high liquidity and active participation of industrial participants, the hedging efficiency for DCE soybean futures suite could reach as high as 96%.

DCE futures prices maintain high correlations with related spot prices, especially for crushing plants which imported soybeans from abroad, the prices of DCE soybean meal futures and soybean oil futures are maintaining high correlations with CBOT soybean prices that are generally used for pricing references for global soybean trades, which largely facilitated hedging and risk mitigation for industrial participants.





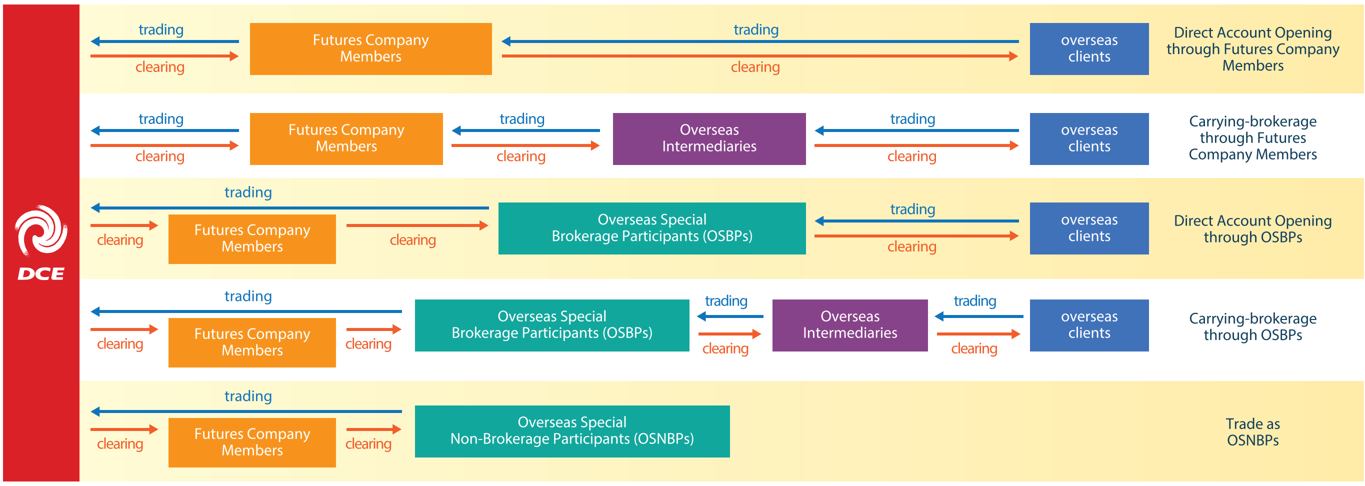
Internationalization

DCE has opened up its iron ore futures to overseas investors in 2018, currently, overseas investors could have access to iron ore futures, RBD palm olein futures, RBD palm olein options, No.1 soybean futures, No.2 soybean futures, soybean meal futures, soybean oil futures, No.1 soybean options, No.2 soybean options, soybean meal options and soybean oil options.

Currently, there are over 500 overseas investors from around 28 countries and regions that already participated in DCE futures market, overseas investors could open accounts and trade on DCE via various channels including direct account opening through our Futures Company Members, carrying-brokerage through registered overseas intermediaries, etc. Direct

access was also provided to foreign brokers and proprietary traders which could apply for Overseas Special Participants.
For related rules, please refer to Measures for Overseas Special Participants Management of Dalian Commodity Exchange and Measures for Administration of the Futures Company Members Entrusted by Overseas Intermediaries with Futures Trading Business of Specified Futures Products of Dalian Commodity Exchange.

(Participation Channels for Overseas Investors)



Physical Settlement

Futures contracts of DCE soybean product suite are utilizing physical settlement mechanism, various delivery methods including EFP, one-off delivery, rolling delivery are available for market participants.

Beware, any entity clients that cannot receive or issue VAT invoices are prohibited in participating in the physical delivery of No.1 soybean futures, No.2 soybean futures, soybean meal futures and soybean oil futures.

EFP (Exchange of Futures for Physicals)

The EFP means that the trading parties which hold the contracts of the same delivery month enter into a physical sale and purchase agreement through negotiations, and close their respective futures positions at the price described therein and exchange the payments and physicals of the corresponding quantities.
The EFP shall be divided into the standard warehouse receipt EFP and the non-standard warehouse receipt EFP. The standard warehouse receipt EFP shall be divided into the duty-paid standard warehouse receipt EFP and bonded standard warehouse receipt EFP (bonded EFP).
The settlement price of EFP would be determined by bilateral negotiations of both parties.
For No.1 soybean futures, soybean meal futures and soybean oil futures, the EFP term shall be as of the contract listing date through the last but two trading day (inclusive) of the month preceding the delivery month. For No.2 soybean futures, the EFP term shall be as of the contract listing day through the sixth trading day (inclusive) of the delivery month.

One-Off Delivery

The one-off delivery shall refer to the delivery method that, after the last trading day of the contract, the exchange organizes all open contracts holders to carry out delivery.
Currently, all listed futures contracts on DCE could utilize the one-off delivery. The one-off delivery shall only be carried out by the standard warehouse receipt delivery.
The delivery settlement price of one-off delivery for No.1 soybean futures, No.2 soybean futures, soybean meal futures and soybean oil futures shall be the weighted average price of all trade prices of the futures contract during the period as of the first trading day of the delivery month through the last trading day thereof.
The one-off delivery shall be completed within 3 trading days after the last trading day, including the standard warehouse receipt submission day, matching day and the handover day (the last delivery day).

Rolling Delivery

The rolling delivery shall refer to, with respect to a contract from the first trading day of the delivery month to the trading day immediately preceding the last trading day, the method of delivery that the delivery is completed within the prescribed period by the parties as organized by the exchange on the basis of the initiative proposal thereof by the seller client which holds standard warehouse receipts and the unilateral selling positions of the delivery month.
The delivery settlement price of the rolling delivery shall be the then-current day settlement price of the matching day of the rolling delivery of such futures contract.
The process includes matching day and handover day.

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