

The 2013 Development Report on China's Futures Market

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Preface

2013 saw developed economies make a gradual recovery and the majority of emerging markets experience a slowdown in their pace of growth. In addition, some countries were burdened by the fragile fundamentals and deteriorating balance of payments. Despite such complex backdrop, China's futures market gained momentum, hitting a record RMB 267.47 trillion in trading value and 2.06 billion contracts in trading volume, an increase of 56.31% and 42.21% respectively from the previous year; Silver, Rebar, Copper, Soybean Meal and Rapeseed Meal respectively ranks China among the world's top three markets in trading volume; domestic futures exchanges have joined the club of the globe's top marketplaces in terms of trading volume. Meanwhile, 9 new futures products were launched in China, covering several major economic sectors and playing a large role in serving the real economy.

As an emerging economy in transition, China has built its futures and derivatives markets block by block by drawing on the experiences of their western counterparts in regard of rulemaking and supervision. This has helped China's futures markets develop steadily, relying on effective risk management. In 2013, the Shanghai Futures Exchange ("SHFE") initiated the continuous trading of Gold, Silver, Copper, Aluminum, Zinc and Lead futures. Gold and Silver contracts have enjoyed tremendous growth in trading volume since the commencement of continuous trading in July 2013. Stable in its overall operation, continuous trading has enabled investors to reduce overnight risks, and has given the real economy ways to ensure more sophisticated price discovery and risk management. In November 2013, Shanghai International Energy Trading Center was founded, based in the Shanghai Free Trade Zone. The Center will shoulder the responsibility of developing an international trading platform for crude oil futures in China to further align the nation's commodity futures market with international markets.

Since its foundation in 2012, the Shanghai Institute of Futures and Derivatives ("Institute") has laid down its fundamental rules and initiated R&D programs on key topics (including

new products such as rare earth futures and freight rate index futures). The Institute has been dedicated to blazing the trail of development suitable for China's futures and derivatives industry by providing the best possible advice at a domestic level with international recognition. With a determined focus on cutting-edge fundamental research, the Institute provides solid support for the strategic development of China's futures market. The main purpose of this report is to introduce the latest progress in China's futures and derivatives industry to all stakeholders from home and abroad, with a particular focus on the accomplishments achieved in the year 2013. As such, the report is intended to provide information as well as a platform of communication for those who take part in China's futures market.

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Chapter I China's Futures Market at a Glance

In 2013, 8 commodity futures, including Bitumen, Steam Coal, Japonica Rice, Plywood, Fiberboard, Iron Ore, Egg and Coke, and one financial futures - Treasury Bond futures - were launched, raising the total number of futures products traded in China to 40. The market also witnessed a record RMB 267.47 trillion in trading value and 2.06 billion contracts in trading volume in 2013, soaring by 56.31% and 42.21% respectively from 2012, exceeding previous record of RMB 171.12 trillion trading value in 2012 and 1.566 billion contracts traded in 2010 (see Chart 1)¹.

1.1 Market Overview

Futures markets were reviving in China in 2013, with the trading volume climbing to 2.062 billion contracts with all exchanges combined, up 42.21% YOY (see Chart 1). Among all the contracts traded, 31.16% or 642 million contracts were contributed by the Shanghai Futures Exchange ("SHFE"), up 75.86% YOY; 25.48% or 525 million contracts by the Zhengzhou Commodity Exchange ("ZCE"), up 51.40% YOY; 33.98% or 701 million contracts by the Dalian Commodity Exchange ("DCE"), up 10.66% YOY; and 9.39% or 194 million contracts by the China Financial Futures Exchange ("CFFEX"), up 84.22% YOY(see Chart 2 left).

The nation's aggregate trading value rose to RMB 267.47 trillion (USD 43.19 trillion²), up 56.31% YOY. Of the total amount, the SHFE accounted for a share of 22.59% or RMB 60.42 trillion, up 35.47% YOY; the ZCE 7.07% or RMB 18.90 trillion, up 8.85% YOY; the DCE 17.63% or RMB 47.15 trillion, up 41.51% YOY; the CFFEX 52.72% or RMB 141.01 trillion, up 85.92% YOY (see Chart 2 right).

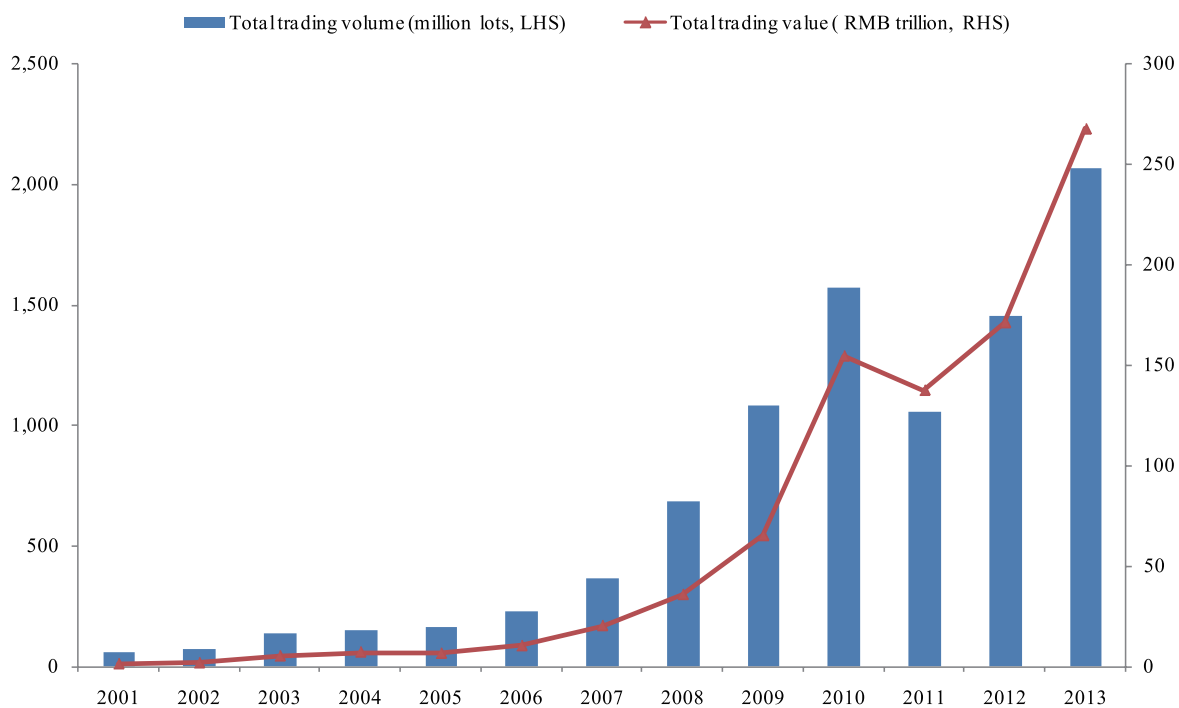
Both trading volume and value data mentioned above demonstrated a much more buoyant domestic futures market in 2013.

Listed on April 16, 2010, the CSI 300 Index futures had reported a trading volume of 40 million contracts and a trading value of RMB 41 trillion in 2010 based on one-sided trade data, already accounting for 26% of China's futures market in trading value. In the past few years, the CFFEX has acquired an ever increasing market weight, taking a lion's share of over 50% of China's futures market in 2013 in trading value.

¹ China's futures market in this paper refers to that of mainland China only.

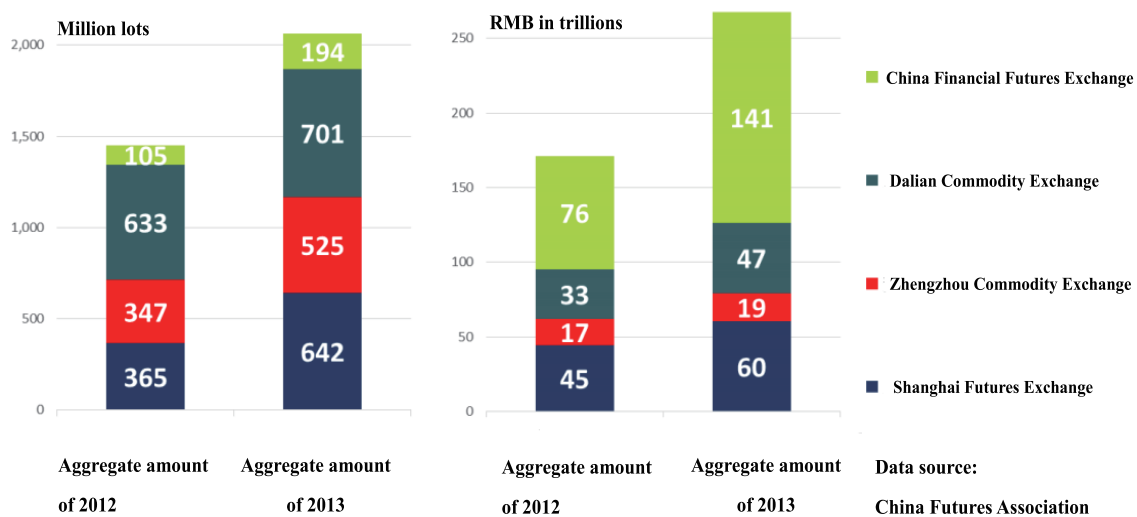
² The average USD/RMB exchange rate of 6.1932 for the period between Jan 4, 2013 and Dec 31, 2013 is applied.

Chart 1 Trading Volume and Value of China's Futures Market between 2001 and 2013



Data Source: China Futures Association

Chart 2 Trading Volume and Value of China's Futures Exchanges in 2013



1.2 Global Rankings of China's Futures Exchanges

In 2013, China's futures exchanges maintained their positions in the global market. According to the statistics of the Futures Industry Association (FIA), the trading volume of the DCE, the SHFE, the ZCE and the CFFEX in 2013 ranked respectively the 11th, 12th, 13th, and 19th worldwide (see Table 1). The CFFEX enjoyed a slight year-on-year increase, while the other three remained the same.

The national trading volume of the following commodities has ranked China among the Top 3 in the corresponding global market (see Tables 2 and 3):

- Soybean Meal, No.1 among all agricultural contracts, with a trading volume of 265.36 million contracts;
- Rapeseed Meal, No.2 among all agricultural contracts, with a trading volume of 160.1 million contracts;
- Soybean Oil, No.3 among all agricultural contracts, with a trading volume of 96.33 million contracts;
- Rebar, No.1 among all metal contracts, with a trading volume of 293.73 million contracts;
- Copper, No.2 among all metal futures contracts, with a trading volume of 64.30 million contracts;
- Silver, No.1 among all precious metal contracts, with a trading volume of 173.22 million contracts.

Table 1 The World's Top 30 Futures and Options Exchanges by Trading Volume in 2013

2013 Rank	2012 Rank	Exchange	2013	2012	%YOY
1	1	CME Group(including CBOT,NYMEX and KCBT)	3,161,476,638	2,895,440,747	9.19%
2	2	ICE(including ICE US,ICE UK,ICE Canada and NYSE Euronext)	2,807,528,241	2,444,995,800	14.83%
3	3	Eurex(including ISE and ISE GEMINI)	2,190,548,148	2,291,465,606	-4.40%
4	4	National Stock Exchange of India (NSE)	2,135,637,457	2,010,493,487	6.22%
5	6	BM&FBOVESPA	1,603,600,651	1,635,957,604	-1.98%
6	7	CBOE Group (including CFE and C2)	1,187,642,669	1,134,316,703	4.70%
7	8	Nasdaq OMX Group (including EU and U.S. markets)	1,142,895,007	1,115,529,138	2.45%
8	9	Moscow Exchange (including Micex and RTS)	1,134,477,258	1,061,835,904	6.84%
9	5	Korea Exchange (KRX)	820,664,621	1,835,617,727	-55.29%
10	10	Multi Commodity Exchange of India (including MCX-SX)	794,001,650	959,613,240	-17.26%
11	11	Dalian Commodity Exchange (DCE)	700,500,777	633,042,976	10.66%
12	12	Shanghai Futures Exchange (SHFE)	642,473,980	365,329,379	75.86%
13	13	Zhengzhou Commodity Exchange (ZCE)	525,299,023	347,091,533	51.34%
14	17	Japan Exchange Group (including TSE and OSE)	366,145,920	234,210,102	56.33%
15	14	Hongkong Exchange Group (including LME)	300,911,989	279,522,419	7.65%
16	15	ASX Group (ASX)	261,790,908	260,047,816	0.67%
17	16	Bombay Stock Exchange (BSE LTD)	254,845,929	243,757,257	4.55%
18	19	Johannesburg Stock Exchange(JSE)	254,514,094	158,910,880	60.16%
19	22	China Financial Futures Exchange (CFFEX)	193,549,311	105,061,825	84.22%
20	18	TMX Group (including Montreal Exchange and BOX)	155,753,473	209,352,769	-25.60%
21	20	Taiwan Futures Exchange (TAIFEX)	153,225,238	156,731,912	-2.24%
22	21	BATS EXCHANGE	151,814,889	130,624,660	16.22%
23	23	Singapore Exchange (SGX, including Sicom and AsiaClear)	112,077,267	80,548,318	39.14%
24	27	Tokyo Financial Exchange (TFX)	65,527,790	66,925,893	-2.09%
25	25	Tek-Aviv Stock Exchange (TAE)	60,514,431	67,179,795	-9.92%
26	26	Mercado Espanol de Futuros y Opciones Financieros (MEFF RENTA VARIABLE Total)	54,694,502	67,176,527	-18.58%
27	28	Istanbul Exchange(BIST)	53,172,365	62,483,465	-14.90%
28	29	Rosario Futures Exchange(ROFEX)	51,176,700	51,071,227	0.21%
29	24	London Stock Exchange Group (LSE Group, including IDEM and EDX)	50,384,211	68,584,760	-26.54%
30	38	United Stock Exchange of India(USE)	44,931,092	8,864,562	406.86%

Data Source: FIA

Table 2 The World's Top 20 Agricultural Futures and Options Contracts by Trading Volume in 2013

2013 Rank	2012 Rank	Contract	Exchange	2013	2012	%YOY
1	1	Soy Meal Futures	Dalian Commodity Exchange	265,357,592	325,876,653	-18.57%
2	75	Rapeseed Meal Futures	Zhengzhou Commodity Exchange	160,100,378	421,207	37909.90%
3	5	Soy Oil Futures	Dalian Commodity Exchange	96,334,673	68,858,554	39.90%
4	8	Palm Oil Futures	Dalian Commodity Exchange	82,495,230	43,310,013	90.48%
5	3	Rubber Futures	Shanghai Futures Exchange	72,438,058	75,176,266	-3.64%
6	2	White Sugar Futures	Zhengzhou Commodity Exchange	69,794,046	148,290,190	-52.93%
7	4	Corn Futures	CME Group	64,322,600	73,184,337	-12.11%
8	6	Soybeans Futures	CME Group	46,721,081	52,041,615	-10.22%
9	12	Sugar #11 Futures	ICE	29,813,680	27,126,728	9.91%
10	11	Wheat Futures	CME Group	24,993,158	27,379,403	-8.72%
11	10	Soybean Oil Futures	CME Group	23,805,912	27,627,590	-13.83%
12	13	Corn Options	CME Group	23,534,308	26,599,756	-11.52%
13	17	Soybean Meal Futures	CME Group	20,237,181	18,187,433	11.27%
14	16	Soybeans Options	CME Group	14,760,704	18,402,208	-19.79%
15	9	Corn Futures	Dalian Commodity Exchange	13,313,633	37,824,356	-64.80%
16	18	Live Cattle Futures	CME Group	12,463,043	13,985,374	-10.89%
17	211	Rapeseed Oil Futures	Zhengzhou Commodity Exchange	11,853,858	2,021	586434.29%
18	19	Lean Hogs Futures	CME Group	11,277,038	11,461,892	-1.61%
19	7	No.1 Soybeans Futures	Dalian Commodity Exchange	10,993,500	45,475,425	-75.83%
20	22	Crude Palm Oil Futures	Malaysia Derivatives Exchange	7,966,096	7,443,143	7.03%

Data Source: FIA

Table 3 The World's Top 10 Metal and Precious Metal Futures and Option Contracts by Trading Volume in 2013

2013 Rank	2012 Rank	Contract	Exchange	2013	2012	%YOY
1	1	Steel Rebar Futures	Shanghai Futures Exchange	293,728,929	180,562,480	62.67%
2	3	Copper Futures	Shanghai Futures Exchange	64,295,856	57,284,835	12.24%
3	2	High Grade Primary Aluminum Futures	Hongkong Exchange Group	63,767,903	59,123,583	7.86%
4	4	Copper - Grade A Futures	Hongkong Exchange Group	40,486,017	35,874,789	12.85%
5	6	Special High Grade Zinc Futures	Hongkong Exchange Group	30,270,370	29,559,338	2.41%
6	5	Copper Futures	Multi Commodity Exchange of India	19,758,713	32,520,309	-39.24%
7	9	COMEX Copper Futures	CME Group	17,127,383	16,158,815	5.99%
8	12	Primary Nickel Futures	Hongkong Exchange Group	13,678,490	11,164,449	22.52%
9	11	Standard Lead Futures	Hongkong Exchange Group	12,931,067	14,248,937	-9.25%
10	8	Copper Mini Futures	Multi Commodity Exchange of India	12,260,544	18,214,742	-32.69%

2013 Rank	2012 Rank	Contract	Exchange	2013	2012	%YOY
1	6	Silver Futures	Shanghai Futures Exchange	173,222,611	21,264,954	714.59%
2	2	COMEX Gold Futures	CME Group	47,294,551	43,893,311	7.75%
3	1	Silver MIC Futures	Multi Commodity Exchange of India	33,611,357	51,441,996	-34.66%
4	3	Silver M Futures	Multi Commodity Exchange of India	20,267,222	36,266,593	-44.12%
5	14	Gold Futures	Shanghai Futures Exchange	20,087,824	5,916,745	239.51%
6	4	Gold Petal Futures	Multi Commodity Exchange of India	19,021,199	36,004,247	-47.17%
7	12	Gold Futures	Moscow Exchange	15,892,846	8,156,949	94.84%
8	5	Gold M Futures	Multi Commodity Exchange of India	15,860,098	22,213,409	-28.60%
9	8	COMEX Silver Futures	CME Group	14,475,593	13,315,679	8.71%
10	9	Gold Futures	Tokyo Commodity Exchange	12,224,611	11,895,357	2.77%

Data Source: FIA

Based on the trading volume in 2013, a ranking of the world's top 5 commodity futures and options exchanges would place the DCE, the SHFE and the ZCE respectively as the 3rd, 4rd and 5th largest exchange around the globe (see Table 4). Of the top ten exchanges, the division of the ICE, ICE U.S., contributed a trading volume of 492 million contracts in 2013 to the ICE,

up 197.50% from 2012. In addition, the ICE finished its acquisition of the NYSE Euronext in 2013, further accumulated the trading volume to 839 million contracts, beat the CME group and became No.1 commodity trading exchange by trading volume.

Table 4 The World's Top 10 Futures and Option Exchanges by Trading Volume of Commodity Futures and Options in 2013

2013 Rank	2012 Rank	Exchanges	2013	2012	%YOY	Share
1	3	ICE	838,525,287	477,278,906	75.69%	20.71%
2	1	CME Group	785,013,891	810,940,934	-3.20%	19.39%
3	2	Dalian Commodity Exchange	700,500,777	633,042,976	10.66%	17.30%
4	5	Shanghai Futures Exchange	642,473,980	365,329,379	75.86%	15.87%
5	6	Zhengzhou Commodity Exchange	525,299,023	347,091,533	51.34%	12.97%
6	4	Multi Commodity Exchange of India	264,627,693	388,751,074	-31.93%	6.54%
7	7	Hongkong Exchange Group	170,883,125	159,719,783	6.99%	4.22%
8	10	Moscow Exchange	36,545,272	22,618,770	61.57%	0.90%
9	8	National Commodity and Derivative Exchange	32,435,100	44,885,711	-27.74%	0.80%
10	9	Tokyo Commodity Exchange	26,845,712	25,479,111	5.36%	0.66%

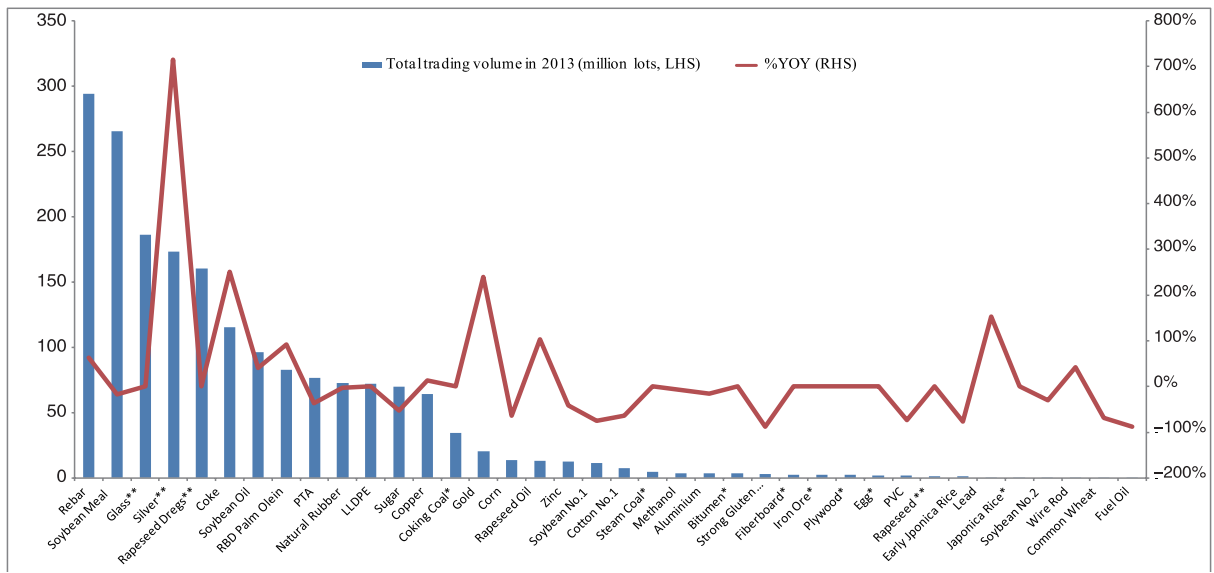
Data Source: FIA

Note:*Trading volume includes commodity futures such as energy, agriculture, metal and other commodity futures and options, excluding financial futures and options.

1.3 Commodity Futures Market

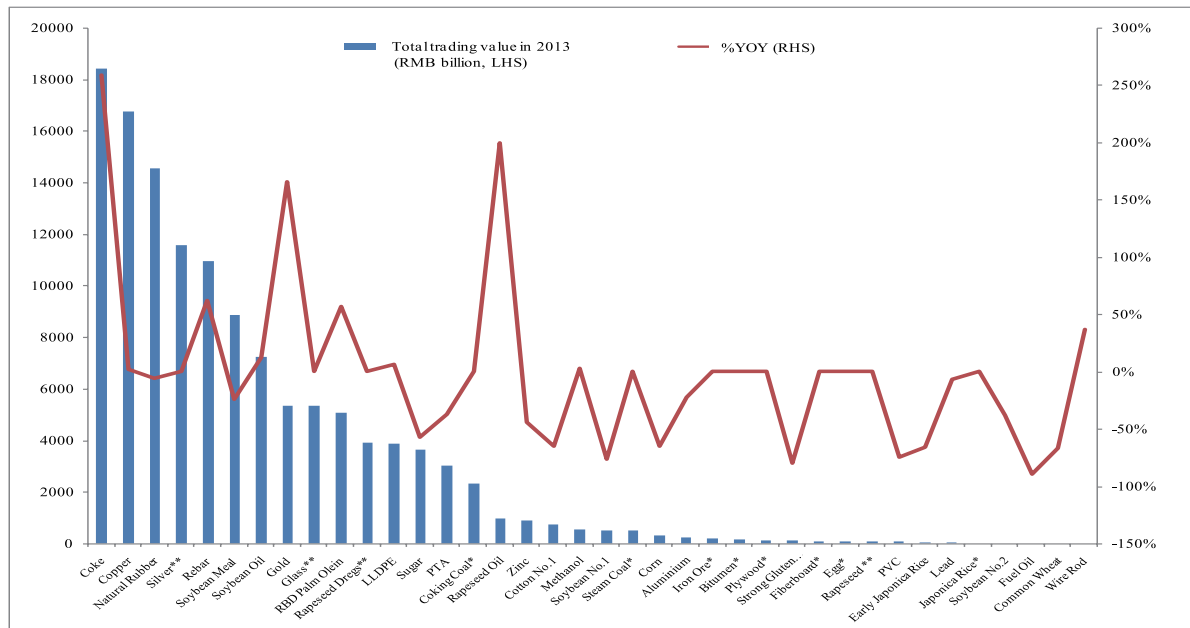
In 2013, the total trading volume and value of China's commodity futures market was 1.87 billion contracts or RMB 126.47 trillion, rising by 35.85% and 32.74% respectively from 2012. As illustrated in Chart 3, the top ten commodity futures by volume, i.e. Rebar, Soybean Meal, Glass, Silver, Rapeseed Dregs, Coke, Soybean Oil, RBD Palm Olein, PTA, Natural Rubber, represent a total of 1.52 billion contracts, or 81.42% of the aggregate volume of the national commodity futures market. Chart 4 ranks the top ten commodity futures by trading value, which are Coke, Copper, Natural Rubber, Silver, Rebar, Soybean Meal, Soybean Oil, Gold, Glass and RBD Palm Olein, representing a combined trading value of RMB 104.02 trillion, or 82.25% of the aggregate value of China's commodity futures market.

Chart 3 Total Trading Volume and YOY Variation for Each Commodity Futures in 2013 in China



*means that the futures product was newly listed in 2013, ** means that the futures product was newly listed in 2012, Data Source: China Futures Association

Chart 4 Total Trading Value and YOY Variation for Each Commodity Futures in 2013 in China



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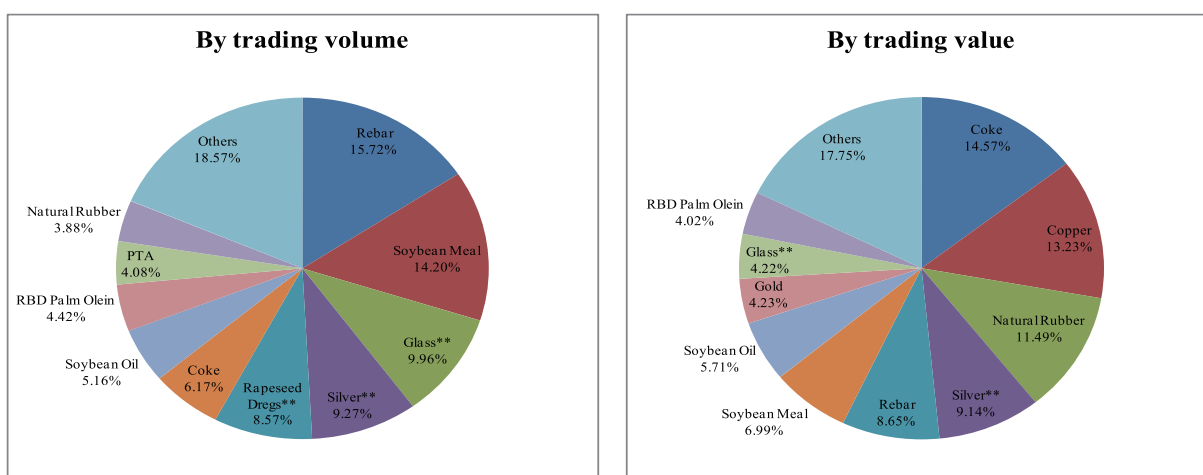
Trading volume statistics for 2013 by commodity group are as follows:

Energy and chemical futures: Coke surged by 250.31% from 2012, and LLDPE recorded a slight rise; Methanol, Natural Rubber and PTA drove down at varying degrees, while PVC and Fuel sank considerably.

Metal futures: Rebar, Lead, Wire Rod, Gold and Silver experienced a substantial growth, up 62.67%, 151.67%, 42.14%, 239.51% and 714.59%³ YOY respectively and Copper reported a small increase, while Aluminum and Zinc were on a downward trend.

Agricultural futures: RBD Palm Olein and Rapeseed Oil reported an increase of 90.48% and 103.24% YOY respectively, Soybean Oil showed a smooth rise, while Soybean Meal and Soybean No.2 witnessed a decline, and Strong Gluten Wheat, Soybean No.1, Corn, Cotton, Early Japonica Rice and Sugar swung down drastically.

Chart 5 Top 10 Commodity Futures in China in 2013



*means that the futures product was newly listed in 2013, **means that the futures product was newly listed in 2012, Data Source: China Futures Association

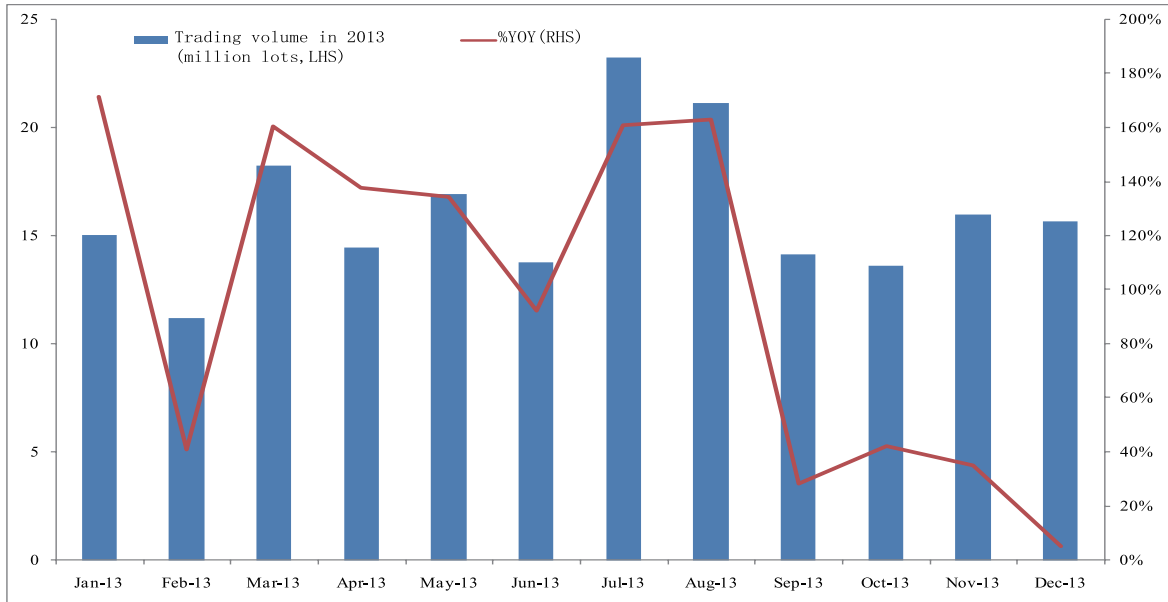
1.4 Financial Futures Market

In 2013, the 5-year Treasury Bond futures was launched by the CFFEX as China's second financial futures product following the CSI 300 Index futures. The margin requirements of CSI 300 Index and 5-year Treasury Bond futures was set at 12% and 2% respectively. In 2013, the CSI 300 index futures saw its total trading volume and value jump to 193 million contracts and RMB 140.70 trillion, with a 83.91% and 85.52% YOY growth rate respectively (see Charts 6 and 7). 328,800 contracts or RMB 0.31 trillion of 5-year Treasury Bond futures, which was officially

³ Silver futures was Listed on the SHFE on May 10, 2012, therefore the 2012 data used for the calculation of the growth rate in 2013 do not cover the entire year of 2012.

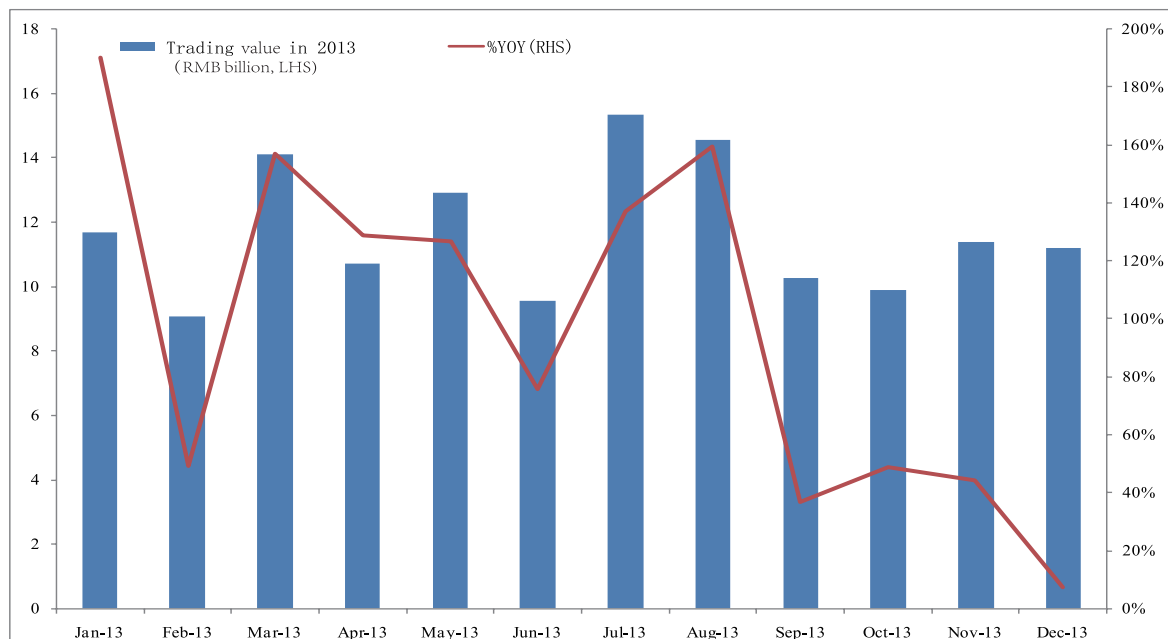
launched on September 6, 2013, has been traded by the end of 2013.

Chart 6 Trading Volume for CSI 300 Index Futures in 2013



Data Source: China Futures Association

Chart 7 Trading Value and YOY Variation for CSI 300 Index Futures in 2013



Data Source: China Futures Association

Chapter II Market Developments

With exponential growth in market size and significant power of influence, China's futures market made a number of breakthroughs in 2013 with regard to the number of products available for trading, industry structure, business scope and regulatory philosophy. 8 new commodity futures including Coking Coal, Steam Coal, Bitumen, Iron Ore, Egg, Japonica Rice, Fiberboard and Plywood and 1 financial futures, Treasury Bond futures, were listed within the year, bringing the total number of domestic futures products to 40. Meanwhile, the continuous trading of 6 futures products including Gold, Silver, Copper, Aluminum, Zinc and Lead was put in place, creating closer price linkages between domestic and overseas markets and greatly boosting market vitality.

2.1 Increasing Number of New Listings

Following the 4 new listings in 2012, 2013 saw the listing of 9 more products as a result of the intensified efforts in R&D of new products and new listings made by the commodity futures exchanges. According to the statistics, between 2008 and 2012, only 13 new commodity futures products were listed, compared with 9 new listings in 2013 alone. Meanwhile, futures products have now expanded to both the upstream and downstream of the industry chains, serving the real economy in an increasingly extensive and sophisticated manner. With a total of 40 futures products available for trading, China's futures market has become more effective in meeting the investors' needs, and facilitating price discovery, resource allocation and risk management.

In terms of energy futures, the listing of Bitumen futures on the SHFE on October 9, 2013 has increased the pricing influence of China on an international scale, provided commercial players with risk management tools, improved the bitumen industry structure and reinforced infrastructure nationwide. With the product offerings thus broadened, the listing of Bitumen futures has helped raise the competitiveness of the petro-chemical sector and pave the way for the sustainable economic growth of China. Meanwhile, the listing of Coking Coal futures on the DCE on March 22, 2013 and Steam Coal futures on the ZCE on September 26, 2013 can be seen as one step further in the market-based reform, including, among other things, the improvement of the pricing mechanism, of China's energy industry.

In connection with metal futures, the Iron Ore futures, made available for trading on the DCE on October 18, 2013, has not only given China more say in iron ore pricing in the international arena, but also provided commercial players with risk-avoidance tools.

With respect to agricultural futures, the listing of Egg futures on the DCE on November 8, 2013 and Fiberboard and Plywood futures on the DCE on December 6, 2013 filled the vacuum of domestic futures market, forming a new system of agricultural futures that covers agriculture, forestry and animal husbandry sectors, thus better serving China's agriculture, rural regions and rural population. Meanwhile, the listing of Japonica Rice futures on the ZCE on November 18, 2013 prompts the improvement of the pricing mechanism and system of China's agricultural products. The expansion of the range of agricultural futures is in line with the Central Government's long-term policy on agriculture, as well as the mandate of letting the market playing the primary role in resource allocation as stated by the 3rd Plenary Session of the 18th CPC Central Committee.

In terms of financial futures, Treasury Bond futures, listed on the CFFEX on September 6, 2013, is commonplace in international financial markets as the most basic interest rate derivative. Treasury Bond futures can not only provide market participants with a hedging tool against market risks, but also help establish a pricing reference for the issuance of treasury bond, push through the market-based reform of interest rate and guide optimal resource allocation. Moreover, as a more diversified offering of risk management tools is now available, financial institutions enjoys a wider selection of risk-avoiding tools and asset allocation methods, and hence are better-equipped for innovative development.

2.2 Continuous Trading on the SHFE

Following the debut of continuous trading of Gold and Silver futures on the SHFE on July 5, 2013, the exchange started the continuous trading of 4 non-ferrous metal including Copper, Aluminum, Zinc and Lead futures on December 20, signaling a major step in the international integration of the domestic futures market. This has enabled investors to promptly adjust their positions to prevent overnight risks, and the risk management function of the futures market has considerably improved.

As domestic commodity futures market becomes in sync with the international market, it also experiences increasingly frequent and volatile price fluctuation. In the past, the daytime trading hours of domestic market had no overlapping with the trading hours of the COMEX and the London Metal Exchange, which have domineering influence on the pricing of precious metals and base metals respectively. As a result, it was impossible for domestic futures market to keep up with international price fluctuations, leading to great overnight risks. It was against this backdrop that the continuous trading of certain metal futures was introduced to meet the pressing need of investors.

Following the start of continuous trading, Gold and Silver futures trading in the domestic market

gained striking momentum, with much higher market liquidity and reinforced role of futures market in price discovery and risk management. Gold futures reached 20.09 million contracts in trading volume and RMB 5.35 trillion in value at the SHFE in 2013, up 234% and 165% YOY respectively; Silver futures reached 173 million contracts in trading volume and RMB 11.56 trillion in value, up 715% and 460% YOY respectively. By the end of 2013, the open interest in Gold and Silver futures stood at 171,000 lots and 670,200 lots, up 53.5% and 174.22% YOY respectively.

With its trading volume ranking world's number one, Silver futures was awarded as the "Best Contract in Asia 2012-2013" by the Futures & Options World (FOW).

2.3 Release and Implementation of the new Measures for the Administration of Risk-based Regulatory Indicators of Futures Firms

The Measures for the Administration of Risk-based Regulatory Indicators of Futures Firms (ZhengJianFa [2007] No.55), originally released on April 18, 2007, was amended pursuant to the Decision on Revising the Measures for the Administration of Risk-based Regulatory Indicators of Futures Firms (ZhengJianFa [2013] No.12) issued by the CSRC on February 21, 2013. At the same time, the Commission also released the Provisions on the Calculation Basis for the Risk Capital Reserves of Futures Firms. Starting from July 1, 2013, futures firms are required to, in accordance with relevant requirements, improve risk-based regulatory indicator management centered on net capital and ensure a sound operation of their business activities. The latest amendments to the Administrative Measures include:

First, risk capital reserves are established to meet the needs of futures firms in developing innovative business. As the business of futures firms becomes more diversified, different calculation basis for risk capital reserves will be adopted for different business lines based on their respective risk features, linking the risk capital reserve set aside in respect of each business line to net capital, thus facilitating indirect control over the size of each business.

Second, restrictions on the capital of futures firms will be relaxed provided that risks remain controllable, allowing futures firms that engage in domestic brokerage business to calculate risk capital reserve based on a certain percentage of customers' total domestic equity. The base percentage is now set to 4% as compared to the original 6%, freeing more net capital and providing effective support for the innovative initiatives of futures firms.

Third, an evaluation is to be carried out in respect of each category of firms, and the result of such evaluation, i.e. a certain rating of each firm, will be taken into account in the determination of risk-based regulatory indicators centering on net capital to be applied to such firm in order to facilitate healthy competition among firms and the role of differentiated supervision. Risk capital

reserves are calculated based on the classification of the firms, with those of lower class subject to higher calculation basis for risk capital reserves. This adjustment is expected to loosen the capital restriction on the development of high-performing firms while improving the pertinence and effectiveness of supervision.

2.4 Optimized Margining Requirement

The “One-way Large-side Margin” requirement of the SHFE officially came into effect following the closing and settlement of accounts on December 27, 2013. According to the statistics, compared with the original two-sided margining, the One-way Large-side Margin has reduced the margins collected by approximately RMB 1.8 billion after the closing and settlement on December 27, 2013, decreasing the margin payable by investors holding hedge positions by up to 50%.

In connection with the One-way Large-side Margin requirement, positions held by an investor on the same product are treated as a portfolio. When the same customer holds positions on the same product through the same carrying member firm, margins will be charged only with respect to the side of the positions held in larger amount. According to a simulation completed with historical data, the new margining requirement can effectively bolster investors’ capital efficiency while keeping risk controllable, and can reduce margins payable by investors holding hedge positions by over 20% on average. But for the purpose of risk control, exception to the new margining requirement is adopted for the last 5 trading days of the contract month, to which the original two-sided margining requirement still applies.

According to the common practice in the international market, margins are calculated at the level of portfolio, in order to effectively control risks and maximize investors’ capital efficiency. The new requirement put in place by the SHFE will reduce market operation costs and enhance margin efficiency while keeping risks under control.

On July 8, 2013, the DCE released the Measures for the Administration of Arbitrage at the Dalian Commodity Exchange. As China’s first rules of practice on arbitrage, such Measures stipulates that the margin is the margins for the holding in buying positions or the holding in selling positions, whichever is greater. The Measures for the Administration of Arbitrage at the Zhengzhou Commodity Exchange, released by the ZCE on July 10, 2013, set forth detailed regulations on position limit and margins payable with regard to arbitrage. The Measures by the ZCE loosens the position limitation rule for arbitrage, stipulating that the amount of positions held by non-futures-firms members and customers for arbitrage and speculation, in combination, in regular months or the month preceding the delivery month shall not exceed two times of the position limit for speculation within the same period. Meanwhile, one-sided margining requirement will apply to arbitrage, where margins will be collected

in respect of the larger side of the arbitrage portfolio. It is a common practice in the international market to encourage arbitrage with margining requirement incentives. The implementation of the aforementioned Measures in China will greatly prompt investors' willingness to participate in arbitrage and provide a more welcoming environment for institutional clients to become market participants, thus optimizing market client base.

2.5 Further International Integration of the Futures Markets

Upon the official approval by the State Council in August, 2013, the Shanghai Free Trade Zone ("SFTZ") was set up on September 29, 2013. In line with the key strategic plan of the Central Committee and the State Council regarding the development of the SFTZ, the CSRC will further the reform and international integration of the capital markets, sparing no efforts in providing the SFTZ with support, including:

1. Approve the SHFE of setting up the Shanghai International Energy Trading Center Corporation Limited ("Energy Trading Center") to propel the building of an international crude oil futures platform. Once established, the platform will effectively attract foreign investors to participate in futures trading in China and further open up China's futures market;
2. Encourage qualified firms and individuals within the SFTZ to invest in both domestic and overseas securities and futures markets in accordance with relevant regulations;
3. Allow the parent company of foreign enterprises within the SFTZ to issue Renminbi-denominated bonds in domestic market pursuant to relevant regulations; explore international financial asset trading in the SFTZ to meet actual market demands;
4. Assist securities and futures firms in setting up specialized subsidiaries in the SFTZ;
5. Facilitate securities and futures firms to conduct OTC trading in commodities and financial derivatives for domestic customers.

Upon the approval of the CSRC, the Energy Trading Center was duly established on November 22, 2013. Funded by the SHFE, the Trading Center aims to serve as an international trading platform for energy derivatives such as crude oil futures. The founding of the Energy Trading Center is a crucial milestone in the preparation for the launching of domestic crude oil futures. Its business scope covers: the sponsoring including listing for trading, settlement and delivery of energy derivatives such as crude oil, natural gas and petro-chemical products; adopting rules of practice; carrying out self-regulation; releasing market information; and providing technological services, venues and facilities.

2.6 Mock Options Trading as an Innovative Initiative

On October 25, 2013, on a press conference, the CSRC presented the progress made so far in the listing of commodity futures options. With the prerequisites therefor met, the CSRC is now devoted to organizing and coordinating the preparatory tasks among stakeholders such as futures exchanges and futures firms. The listing of exchange-traded commodity futures options is expected to widen the range of risk management tools, fill a gap in the futures market system, foster the development of institutional investors and provide new functionality of the futures market. Options is a brand new derivative in the domestic market with a complex pricing mechanism. Its listing requires a considerable amount of ongoing preparations for the establishment of a legal framework, as well as the deployment of associated technologies, human resources and communication campaigns.

On October 8, 2013, the ZCE organized a mock trading competition of Sugar futures options. On October 21, the DCE issued to futures firms the Circular on Carrying out Mock Options Trading, kicking off the market-wide mock trading of Soybean Meal futures options. The CFFEX and the Shanghai Security Exchange (“SSE”) soon followed suit, initiating the mock trading in the CSI 300 Index futures options and options on individual stocks respectively on November 8 and December 26. The listing of options on individual stocks will not only meet the increasingly pressing need of domestic investors for such a risk management tool, but also bring more profit for securities brokerage houses and futures firms, thus playing a vital role in hedging against market fluctuations.

On November 19, the SHFE introduced the market-wide mock trading of Copper and Gold futures options. Enabling members and investors to simulate options trading, the mock trading aims to help investors gain insight into the SHFE’s options trading rules, familiarize themselves with useful investment strategies and form a correct understanding of the futures options market. Meanwhile, through the mock trading the SHFE may improve relevant rules of the exchange and acquire options-related risk control experiences. The key differentiator of the options offered by the SHFE lies in the Delta Margin requirement. Compared with conventional models, Delta Margin requirement not only takes into account the specific risks of futures options, but also ensures capital efficiency.

Chapter III Futures Firms' Dynamics

Serving as intermediaries for the futures market, futures firms play a vital role in the development of the market. In 2013, futures firms began to expand their business scope into investment advice, offshore brokerage, asset management and risk management. A trend of mergers and acquisitions as well as capital increase has been observed. In addition, futures firms have accelerated their pace in expanding on a global scale.

3.1 Risk Management

As the futures market continued to grow, the business scope of domestic futures firms was also constantly broadening, from mere brokerage to risk management, overseas brokerage and asset management.

To implement the state's strategy regarding the role of capital markets in fostering the real economy, especially the SMEs, agriculture and rural areas, the China Futures Association ("CFA") drew from the experiences of the overseas mature markets, took into account the current condition of China's futures market and spot market and released the Guidelines on Pilot Programs of Futures Firms to Set up Subsidiaries Engaging in Risk Management Services as Primary Business based on thorough research and analysis. The Guidelines is designed to enhance the innovative capabilities and service offering of futures firms as risk management intermediaries, thus providing better risk management services to commercial players and facilitating the interconnection between the futures market and the spot market and fulfillment of the functions of such markets.

According to the statistics of the CFA, by Dec 4th, 2013, 20 futures firms have completed the registration of their subsidiaries which are specialized in risk management, and 13 of such futures firms have initiated their risk management service, including services in regard of warehouse receipts, basis trading, collaborative hedging and pricing. However, in the starting phase, the risk management subsidiaries still lack specific policies to deal with financial and taxation matters associated with their risk management activities. In the long term, such subsidiaries will be able to act as the link between the OTC market and the exchange-traded market and thus will have great potential to thrive.

3.2 M&A and Capital Increase

With the proliferating innovative business offerings by the futures firms, competition has intensified and M&As and capital increase have become an important means for futures firms to expand. The combination of securities brokers and futures firms is an increasingly popular trend for the industry. Compared with conventional futures firms, the futures firms formed by securities brokers enjoy both well-established brand images in the capital markets and existing expertise in financial and securities business activities. By providing their shareholders who are also securities brokers with all-rounded channels for futures trading and hedging and arbitrage plans, forces can be joined to explore innovative business activities.

In March, 2013, upon the approval by the CSRC, Changjiang Futures merged with Xiangcai Qinian Futures; Western Securities increased the shares held in its subsidiary Western Futures, making the latter a wholly-owned subsidiary; in July, 2013, Holly Futures acquired Huazheng Futures; in August 2013, Shanxi Securities acquired a 100% stake in Green Futures at RMB 1.137 billion via cash payment and asset acquisition through private stock offering, setting a new record in the M&A history of the domestic futures industry. This is the first cross-sector M&A deal concluded through a capital transaction by a listed company in the domestic securities industry; in the same month, upon the approval by the CSRC, Founder Securities acquired a 60% stake in Beijing CIFCO Futures, changing the company's name into Founder CIFCO Futures; in November 2013, AVIC Investment announced that the subsidiary which it owns with a majority shareholding - AVIC Futures - proposed to acquire in cash a 33.33% stake in Jiangnan Futures worth of RMB 14.50 million. Following the merger, Jiangnan Futures cancelled its registration at relevant authorities.

Furthermore, many futures firms have increased their capital to meet the higher regulatory capital standards and margin requirements in respect of the various innovative business lines. In April 2013, upon the approval by the Board of directors of Changjiang Securities, the company decided to increase the registered capital of Changjiang Futures by RMB 290 million to RMB 600 million; in May 2013, Donghai Futures brought its registered capital from RMB 200 million to RMB 500 million; in June 2013, Brilliant Futures raised the amount of its registered capital from RMB 46.66 million to RMB 200 million; in October 2013, Southwest Securities announced a proposed capital increase of Southwest Futures by RMB 450 million in cash to RMB 500 million. Enhanced capital strength has endowed futures firms with more competitive edge and the futures industry robust capabilities in sustaining the real economy.

3.3 Becoming More International

As China becomes increasingly devoted to making its financial market more accessible and China's futures market exercises stronger international influence, Chinese futures firms started to gain a considerably stronger foothold worldwide.

On July 26, 2013, GF Securities announced its M&A with NCM Limited (UK). GF Futures (HK), a subsidiary wholly owned by GF Futures Limited, acquired a 100% stake in the NCM Limited, a company held by Natixis (France), pioneering among futures firms owned by Chinese shareholders to conduct overseas M&A. Due to the clearing membership of NCM Limited at a number of futures exchanges included the London Metal Exchange, this equity acquisition has allowed GF Futures to rapidly obtain the clearing membership at major UK exchanges and conduct various business activities regulated by the Financial Service Authority (FSA).

This acquisition can accelerate the speed of Chinese futures firms in their international integration and allow to feed-back the sophisticated trading methods, advanced management experiences, product design and risk management capabilities and the leading IT system of the acquired firm to the acquirer. This move will help GF Futures better address the challenges posed by the international integration of China's futures industry by providing domestic customers with convenient international services. Given the advantages possessed by foreign firms in terms of market information, trading expertise and brokerage business on the global scale, and the in-depth insights into the China's financial market enjoyed by Chinese firms, the two-way trends of "foreign capital coming-in" and "local futures firms going-out" are expected to continue.

3.4 Futures Firms Pilot Fund Offer and Sales

On March 16, 2013, the CSRC released the amended Measures for the Administration on the Offer and Sale of Securities Investment Funds and rules, thereunder, clearly stipulating that futures firms are allowed to participate in fund offer and sale from June 1, 2013. At present, with fund firms, securities firms and trust firms all being permitted to open futures accounts and participate in the futures market, an increasingly larger number of innovative fund products have included financial derivatives such as commodity futures and stock index futures as components. Futures firms, with their rich experiences in dealing in derivatives, enjoy competitive edge in various aspects including investor education, after-sales services and risk warnings. Therefore, futures firms' taking part in fund offer and sale will meet investors' need for diverse investment products and complex services.

Futures firms are engaged in the offer and sale of a wide range of fund products. They not only offer fund products as a third party, but also engage in the offer of innovative products developed by futures firms with the collaboration of fund firms. Compared with other innovative business, relatively low requirements on registered capital and continuous profitability are applied to fund offer and sale activities. According to the eligibility requirements provided by the CSRC, an applicant must prove that it has not conducted any activities detrimental to customers' interests in the past three years such as misappropriation of customers' margin funds. By carrying out fund offer and sales, futures firms may expand their business scope and explore opportunities for profit growth; meanwhile, fund offer and sales also facilitate the development of the firms' own asset management business and help lay down a solid basis for the shift of futures firms from being mere brokers to become integrated platforms for financial services, propelling the innovation of the futures industry.

Chapter IV Outlook of China's Futures Market

With the mission of shoring up the real economy, China's futures market is expecting to see the launch of more new products in 2014 to optimize the product range offered to investors. The market also calls for the listing of new derivatives including commodity index and option products. In an improved regulatory and supervisory environment and facing steeper competition, domestic futures firms will further engage in M&As and new business activities in order to boost their capabilities in serving all categories of investors, including institutional investors. Although the three Chinese commodity exchanges' governance is membership-based, they will speed up efforts of the improvement of corporate governance and internationalization in 2014.

4.1 Futures Market Outlook

In 2014, China's futures market will continue to be the linchpin of the development of the real economy and the healthy growth of macro economy. A multi-layered capital market is fast taking shape. Regulatory initiatives will be taken to improve the legal framework governing the futures market, expedite the listing of new products, facilitate innovative efforts of market players, and promote the transformation of regulatory measures. As institutional innovation pushes further and China's financial market becomes increasingly international with a more mature supervisory philosophy, the futures market is faced with major opportunities and reforms, which will reinforce its role in serving the development of the real economy.

4.1.1 New breakthroughs in the development of the futures and derivatives market system

A sound commodity and financial derivatives market system is imperative in meeting the diverse demands of enterprises and serving the real economy in a more inclusive and sophisticated manner. In 2014, China will continue to promote the listing of strategic energy futures products such as crude oil futures and the gradual development of new trading instruments including commodity futures options, commodity indices and carbon emission rights. More efforts will be put in the building of the financial derivatives market, promoting innovative financial instruments including forex futures, stock index futures options and options on individual stocks. OTC derivatives market and the supporting facilities will be further improved and commercial players and financial institutions will be encouraged to develop derivatives including forwards, swaps and OTC options as needed.

4.1.2 Make effective use of the futures market via sophisticated products

Being highly rule-oriented, the futures market relies on sophisticated contract designs and regulations to ensure the fulfillment of its due functions. In 2014, China will continue to revise and amend the designs and rules of existing futures products. We will: firstly, align the futures products already available for trading with the practical needs of the real economy by improving the specifications of and rules governing the contracts; secondly, foster the assessment, feedback and improvement procedures of futures products to ensure that the revision of contract rules are well-grounded and pertinent; thirdly, gradually expand the pilot program of continuous trading in accordance with the characteristics of different products concerned; fourthly, conduct in-depth research into spot market and industry demands and adopt corresponding measures to enhance the servicing quality of the market and the industry.

4.1.3 The legislative procedures of the prospective Futures Law in progress

On December 10, 2013, the Financial and Economic Committee of the National People's Congress held the inaugural and first plenary session of the Work Group on the Amendment of the Securities Law and the Drafting of the Futures Law, marking the beginning of the legislative procedures of the Futures Law. As a key fundamental legislation, the Futures Law will serve as the legal basis to address major issues stemming from the reform and development of the futures market. A range of key subject matters, including trading mechanisms, scope of application, risk control and investor protection will be specified therein. In addition, given China's aim of becoming the pricing center for key commodities in the international market, it will be imperative for its futures market to have in place a pertinent policy to facilitate market access and proper arrangements to reinforce cross-border regulatory and enforcement cooperation. The prospective Futures Law, on one hand, will strengthen the legal structure of the futures market, governing the futures trading activities, and specifying the rights and obligations among market entities and the civil and criminal responsibilities arising from futures trading, in furtherance of investor protection; on the other hand, it will strengthen supervision by regulatory authorities and make sure that the market participants will be faced with costly consequences, thus promoting the sound development of the futures market. In line with the instructions given by the CSRC regarding the legislation of the Futures Law, the special steering group and task force set up by the SHFE have conducted in-depth research studies on nine topics related to the legislation and have published a treatise in 2013 based on the results of the foregoing studies.

The Futures Law being drafted will be highly sophisticated, combining the trends in international derivatives markets, international experiences in the post-crisis context and the practical experiences of the domestic market, in order to regulate both the exchange-traded and OTC markets. It is also intended to be all-inclusive, stipulating the rights and obligations of various market entities including exchanges, clearing agencies, futures firms, futures advisors, investors,

governmental regulators and self-regulatory institutions. Moreover, the Futures Law will be forward-thinking, taking into account market principles as well as the in-bound and out-bound investment and the latest developments of China's futures market, creating a favorable environment for future growth, and gradually transforming China's futures markets into international pricing centers. Meanwhile, new supervisory approaches are much needed to ensure that, while keeping risk under control and staying in line with market principles, the prospective legislation can help boost supervisory efficiency to avoid excessive burden for market players and regulatory gaps.

4.1.4 Reinforce the regulatory mechanism and accelerate the supervisory transformation of the futures market

Despite the sheer size, positive momentum and improved market functions, China's futures market still suffers the lack of strength and sophistication. In 2014, China will further carry forward the supervisory change and maximize market vitality. To this purpose, we will: firstly, adopt brand new supervisory philosophy, shifting our focus from ex-ante restrictions to ongoing and ex-post supervision; secondly, further streamline administrative procedures and delegate authority, abolishing and delegating administrative reviews on certain issues; thirdly, deepen the reform of the listing, trading, settlement and delivery of products and intermediary supervision, clearly defining scope of supervision and integrating supervisory resources; fourthly, bolster multi-layered risk prevention and control network, fostering risk warning, monitoring, prevention and disposition mechanism among different markets, strengthening cross-market and cross-industry regulatory coordination and information sharing and reducing regulatory arbitrage and vacuum; fifthly, adopt harsh crackdown on violations such as market manipulation.

4.2 Prospects of the Shanghai Futures Exchange

4.2.1 A wider range of metal futures

October 9, 2013 marked the debut of trading of Bitumen futures on the SHFE, raising the total number of commodity futures products traded on the Exchange to 11. In 2014, with more innovative products expected to be marketed in the domestic futures market, the SHFE is now conducting research studies on new products and envisioning substantive progress. With regard to ferrous metals, Hot-rolled Steel Coil futures is expected to be launched in 2014, while the research study on Stainless Steel is under way. We are envisioning a full range of ferrous metal futures products covering Rebar, Wire Rod, Hot-rolled Steel Coil and Stainless Steel. In addition to broadening the product offering of China's futures market, these new products will allow enterprises and institutional investors of the metal industry more choices in risk management

and wealth management, substantially enhance the role of the futures market in serving the real economy, and effectively reinforce the influence and competitiveness of China's ferrous and non-ferrous metal industry in the international market. Meanwhile, building on the SHFE Non-ferrous Metal Index which is already available for trading, the Exchange is fully dedicated to promoting the R&D of relevant indices futures.

4.2.2 The exploration and promotion of options

As a new trading method, options can transfer the risks in the spot market and futures market in a more convenient and flexible manner. In November 2013, the SHFE started the mock trading of Copper futures options and Gold futures options and by far have achieved rather positive results. Under the general guidance of the CSRC and the coordinated supervision of the appropriate regional office of the CSRC, futures associations, futures exchanges and China Futures Margin Monitoring Center, the SHFE is committed to promoting options trading, market-maker arrangement and the regulatory system in 2014.

The listing of options will bring enormous changes to the structure of China's futures market. On one hand, futures investors and commercial players in the industry can use options as a "re-insurance" for both commodities and futures to transfer market risks. Meanwhile, the options used in combination with the futures can provide industry customers and institutional investors with more risk-avoiding strategies, further enhancing the role of the futures market in serving the real economy. On the other hand, options will help develop a wider range of investment instruments and a more flexible trading mechanism in the capital market. With investment portfolios becoming increasingly popular among professional investors, the options used in combination with the futures can be used for investment, hedging and arbitrage, quantitative trading and algorithmic trading, thus diversifying asset allocation and investment strategies. Furthermore, the investment portfolio can help improving and optimizing the investor structure of China's futures market, propelling China's futures and derivatives market into the age of institutional investors.

4.2.3 Development of the crude oil futures market

The establishment of the Shanghai Free Trade Zone marked the dawning of a new stage of China's economy where "further opening up pushes forward economic reform". The Energy Trading Center established within the zone will continue to be devoted to constructing the international platform for crude oil futures, focusing on: firstly, standardizing and completing the initial draft of relevant regulations of the exchange, revising the contract on the asset subject of delivery, and selecting the first batch of delivery warehouses; secondly, cooperating with relevant authorities in promulgating policies regarding the launch of crude oil futures; thirdly, upgrading the IT system

of the exchange and customer terminals and bank terminals, developing new system for the settlement and sale of foreign exchange, launching the testing of the technological systems for the international platform and speeding up system development and launch. In the future, with the Energy Trading Center as an effective platform, the SHFE will continue to open up the futures market and provide experiences that can be replicated in the further reform.

When increasing the access to trading in the existing products for foreign participants, the SHFE will abide by the principles of gradual development and mutual benefit, actively bring in foreign institutional investors, set up delivery warehouses overseas and extend the scope of products and regions included in the pilot program of bonded delivery of commodity futures (conducting physical delivery at bonded oil depots based on the price net of tariff and VAT), thus gradually facilitating China's futures market to become more international.

4.2.4 Technological innovation based on Internet-based finance

With the booming Internet-based finance, the SHFE will make use of modern information technology such as the Internet to develop innovative business models and offer convenient and diversified products and services. Precisely, it will, firstly, take full advantage of the IT trends of “big data” and “cloud computing” to reinforce the development, integration and utilization of data and create an industry-leading technical platform. Secondly, more effort will be put into improving the operation and maintenance of the technical system to ensure the sound and stable market operation. The Exchange will conduct research studies on the quantitative monitoring indicators and system, aiming to create a unified market environment monitoring system and reinforce the security of network perimeters and website systems. Thirdly, the new generation trading system (NGE2.0) will be completed to ensure the competitive edge of the technology used in the trading system, reducing the delay in order placing to 100 millisecond, raising the order processing capability to 60,000 orders per second and lowering the switching time of the data center to 3 minutes. Fourthly, the exchange will launch the R&D of the new generation of standard warehouse receipt system, risk monitoring system and Internet communication system. Fifthly, the exchange will establish a program of benchmark that monitors leading trading business activities and technologies prevalent in the international and domestic markets, so as to determine the future direction, technical parameters and planning of technological development.

Appendix I Trading Volume and Value for Each Futures Product in China in 2013

Exchange	Contract	"2013 Cumulative Trading Volume (number of lots)"	%YOY	" 2013 Cumulative Trading Value (RMB in 100 million) "	%YOY
Shanghai Futures Exchange	Copper	64,295,856	12.24%	167,323.62	2.19%
	Aluminium	3,305,575	-16.16%	2,407.32	-22.22%
	Zinc	12,083,166	-42.74%	9,040.92	-43.96%
	Lead	172,759	151.67%	246.28	-7.07%
	Gold	20,087,824	239.51%	53,545.31	165.31%
	Silver**	173,222,611	714.59%	115,554.86	459.47%
	Natural Rubber	72,438,058	-3.64%	145,267.78	-5.97%
	Fuel Oil	1,039	-88.62%	2.51	-89.41%
	Bitumen*	3,134,301	—	1,370.53	—
	Rebar	293,728,929	62.67%	109,407.13	62.36%
	Wire Rod	3,862	42.14%	1.46	37.05%
Total	642,473,980	75.86%	604,167.73	35.47%	
Zhengzhou Commodity Exchange	Cotton No.1	7,452,068	-64.54%	7,405.90	-64.61%
	Early Japonica Rice	872,946	-77.26%	354.28	-66.07%
	Methanol	3,497,627	-7.89%	5,551.77	3.10%
	Rapeseed Oil	12,699,869	103.24%	9,551.82	199.68%
	Rapeseed**	1,172,724	—	633.59	—
	Rapeseed Dregs**	160,100,373	—	39,194.20	—
	Sugar	69,788,050	-52.93%	36,305.78	-56.82%
	PTA	76,257,667	-37.10%	30,318.66	-36.80%
	Common Wheat	1,894	-69.75%	2.35	-67.07%
	Strong Gluten Wheat	2,903,378	-88.75%	1,293.12	-80.21%
	Glass**	186,104,877	—	53,390.93	—
	Steam Coal*	4,357,234	—	4,951.12	—
	Japonica Rice*	40,480	—	24.83	—
Total	525,249,187	51.36%	188,978.31	8.84%	

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Dalian Commodity Exchange	Soybean No.1	10,993,500	-75.83%	5,062.50	-76.40%
	Soybean No.2	7,236	-30.42%	3.06	-38.07%
	Plywood*	1,988,112	—	1,305.14	—
	Corn	13,313,633	-64.80%	3,174.63	-64.96%
	Fiberboard*	2,374,759	—	874.01	—
	Iron Ore*	2,189,215	—	2,044.32	—
	Coke	115,306,637	250.31%	184,249.76	258.82%
	Egg*	1,951,323	—	798.38	—
	Coking Coal*	34,259,550	—	23,317.07	—
	LLDPE	72,142,084	0.38%	38,648.32	6.10%
	Soybean Meal	265,357,592	-18.57%	88,418.63	-23.69%
	RBD Palm Olein	82,495,230	90.48%	50,846.34	56.86%
	PVC	1,787,233	-74.10%	593.21	-74.57%
	Soybean Oil	96,334,673	39.90%	72,191.89	12.26%
	Total	700,500,777	10.66%	471,527.27	41.51%
China Financial Futures Exchange	CSI 300 Stock Index Futures	193,220,516	83.91%	1,407,002.00	85.52%
	5-year Treasury Bond Futures	328,795	—	3,064.00	—
	Total	193,549,311	84.22%	1,410,066.00	85.92%
	Total	2,061,773,255	42.15%	2,674,739.52	56.30%

Data Source: China Futures Association

*means that the futures product was newly listed in 2013, **means that the futures product was newly listed in 2012,

Data Source: China Futures Association

Appendix II Members of China's Futures Exchanges

Anhui Grain Group Co., Ltd.	First Capital Futures Co., Ltd.
AHCOF Futures Co., Ltd.	Oriental Huijin Futures Co., Ltd.
Essence Futures Co., Ltd.	Donghai Futures Co., Ltd.
Australia and New Zealand Bank (China) Company Limited	CES Futures Co., Ltd.
Baiyin Nonferrous Metals Company	Soochow Futures Co., Ltd.
Baocheng Futures Co., Ltd.	Dongxing Futures Co., Ltd.
Ruifeng Co., Ltd. of Sugar Industry of Baoding	Founder Futures Co., Ltd.
Northern Futures Brokerage Co., Ltd.	Green Futures Co., Ltd.
Northern Copper Industry Co., Ltd.	Guan Tong Futures Brokerage Co., Ltd.
Beijing Huicong Construction Info Consulting Co., Ltd.	Everbright Futures Co., Ltd.
Beijing Grain Group Co., Ltd.	Guangdong B&S Investment Co., Ltd.
Beijing China National Cotton Exchange International Trade Co., Ltd.	Guangdong Hoohy futures Co., Ltd.
Beijing Capital Futures Co., Ltd.	Guangdong Huichu Futures Brokerage Co., Ltd.
Beijing Talent-Star Futures Brokerage Co., Ltd.	Guangdong Wens FoodStuffs Group Co., Ltd.
Beijing Zhenhua Hengshen Petrochemical Co., Ltd.	GF Futures Co., Ltd.
Beijing China-Cotton Trading Ltd.	Guangsheng Rising Futures Co., Ltd.
Beijing CIFCO Futures Co., Ltd.	Guangyong Futures Co., Ltd.
BP (China) Holdings Limited.	Guangzhou Jinchuangli Economic & Trade Co., Ltd.
Bohai Futures Co., Ltd.	Guanzhou Futures Co., Ltd.
Caida Futures Co., Ltd.	Guangzhou Twinace Petroleum & Chemicals Co., Ltd.
Fortune Future Co., Ltd.	Guodu Futures Co., Ltd.
Chengdu Brilliant Futures Co., Ltd.	Guofu Futures Co., Ltd.
Chuangyuan Futures Co., Ltd.	Guohai Liangshi Futures Co., Ltd.
Zhejiang Dadi Futures Co., Ltd.	Sinolink Futures Co., Ltd.
Dahua Futures Co., Ltd.	Triumph Futures Co., Ltd.
Dalian fortune futures Co., Ltd.	ITG Futrues Co., Ltd.
Datong Futures Brokerage Co., Ltd.	Guotai Junan Futures Co., Ltd.
Daye Nonferrous Metals Co., Ltd.	SDIC CGOG Futures Co., Ltd.
Dayou Futures Co., Ltd.	Guosen Futures Co., Ltd.
DOTO Futures Co., Ltd.	Guoyuan Futures Co., Ltd.
Triumph Futures Co., Ltd.	HNA Futures Co., Ltd.
Dengzhou Grain & Oil Company	Hainan Golden Coast Futures Brokerage Co., Ltd.
Haitong Futures Co., Ltd.	Huahai Futures Co., Ltd.
Hicend Futures Co., Ltd.	Hualian Futures Co., Ltd.

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Hehe Futures Brokerage Co., Ltd.	Hualong Futures Co., Ltd.
Herong Futures Brokerage Co., Ltd.	SouthChina Futures Co., Ltd.
Hebei Hengyin Futures Brokerage Co., Ltd.	Huarong Futures Co., Ltd.
Hebei Grain & Oil Co., Ltd.	Huatai Great Wall Futures Co., Ltd.
Henan Lihua Industrial Development Co., Ltd.	Huawen Futures Brokerage Co., Ltd.
Henan COF Imp./Exp. Group Co., Ltd.	Huaxi Futures Co., Ltd.
Henan Shenli Group Co., Ltd.	Huaxin Futures Co., Ltd.
Henan Livestock Product I/E Corporation	Huayuan Futures Co., Ltd.
Henan Grain Storage & Transportation Corporation	Chang'an Futures Co., Ltd.
Henan Grain Trade Corporation	Huishang Futures Co., Ltd.
Henan Grain & Oils Foreign Trade Corporation	HSBC Bank (China) Co., Ltd.
Henan Provincial Industry of Grain Company	Huojia Grain & Oil (Group) Company
Henan Nanyang Grain Corporation	JiLin Grain Group Co., Ltd.
Henan Commerce Corporation	Success Futures Co., Ltd.
Henan Olein Co., Ltd.	Jining Grain & Oil Corporation
Henan Tianyu Grain Trade Storage and Transportation Corporation	Jianghai Huixin Futures Co., Ltd.
Henan Resources Group Corporation	China Southern Futures Co., Ltd.
Henan Sunshine Oils and Fats Group Co., Ltd.	Jiangsu Donghua Futures Brokerage Co., Ltd.
Heilongjiang Beidahuang Grain & Oil Trade Company	Jiangsu Holly Futures Co., Ltd.
Heilongjiang Sanli Futures Brokerage Co., Ltd.	Jiangsu Expectation Futures Brokerage Co., Ltd.
Heilongjiang Longxing Futures Brokerage Co., Ltd.	Jiangsu Shagang Group Co., Ltd.
Heilongjiang Times Futures Brokerage Co., Ltd.	Jiangsu Roco Grain & Oil Group Co., Ltd.
Hengtai Futures Brokerage Co., Ltd.	Jiangxi Rich Futures Brokerage Co., Ltd.
Hongxin Futures Co., Ltd.	JITIC Golden Sun Futures Co., Ltd.
Hongta Futures Co., Ltd.	Bank of Communications Co., Ltd.
Hongyuan Futures Co., Ltd.	Jinchuan Group Co., Ltd.
Huludao Zinc Industry Co., Ltd.	JINGU futures Corporation
Hubei Yinfeng Cotton Co., Ltd.	Jinpeng International Futures Co., Ltd.
Hua'An Futures Co., Ltd.	Jinrui Futures Co., Ltd.
Huachuang Futures Brokerage Co., Ltd.	Jinshi Futures Co., Ltd.
Goldtrust Futures Co., Ltd.	Shanxi Sanli Futures Co., Ltd.
Jinyou Futures Brokerage Co., Ltd.	Shaanxi Chang An Futures Co., Ltd.
Goldstate Futures Co., Ltd.	Shanghai Dalu Futures Co., Ltd.
Jintou Futures Co., Ltd.	Shanghai Oriental Futures Brokerage Co., Ltd.
Jintai Futures Co., Ltd.	Shanghai East Asia Futures Co., Ltd.
Jingdu Futures Co., Ltd.	Shanghai Orient Futures Co., Ltd.

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Jingyi Futures Co., Ltd.	Shanghai Gaoying Petrochemical Co., Ltd.
Lanzhou Liancheng Aluminum Co., Ltd.	Shanghai Hengyang International Trade Co., Ltd.
Langfang CSC Huayang Industrial Company	Shanghai Jinyuan Futures Brokerage Co., Ltd.
Liaoning Cereals & Oils Imp.& Exp. CO., Ltd.	Shanghai Liangmao Futures Brokerage Co., Ltd.
Luzheng Futures Co., Ltd.	Shanghai EAA Import/Export Co., Ltd.
Louis Dreyfus Commodities (Beijing) Trading Co., Ltd.	Shanghai Pudong Development Bank Co., Ltd.
Maanshan Iron & Steel Co., Ltd.	Shanghai Pumin Futures Brokerage Co., Ltd.
Maikē Futures Brokerage Co., Ltd.	Shanghai Fuel Co., Ltd.
Mail Yard Futures Co., Ltd.	Shanghai Metals & Minerals Import & Export Corporation
Minsheng Futures Co., Ltd.	Shanghai Tonglian Futures Co., Ltd.
J.P. Morgan Futures Co., Ltd.	Shanghai Xinde Investment & Development Co., Ltd.
Nanhua Futures Co., Ltd.	Shanghai Yihai Trading Co., Ltd.
Nanyang Wolong Grain & Oil Corporation	Shanghai Zheshe Futures Co., Ltd.
Nanyang Grease Group Co., Ltd.	Shanghai Zhongcai Futures Co., Ltd.
Nanzhao Grain & Oil Corporation	Shanghai CIFCO Futures Co., Ltd.
NanZheng Futures Co., Ltd.	Shenyin&Wanguo Futures Co., Ltd.
Ningbo Shanli Futures Brokerage Co., Ltd.	Nonfemet Commodities & Futures Agency Co., Ltd.
Ping An Futures Co., Ltd.	Shenzhen Luckyloong Futures Co., Ltd.
Qiankun Futures Co., Ltd.	Shenzhen Niannianfeng Grain & Oil Co., Ltd.
Qingdao Guoda Futures Brokerage Co., Ltd.	Shenzhen Agricultural Products Co., Ltd.
Qingtongxia Aluminum Group Co., Ltd.	Miracle China Futures Co., Ltd.
Ruida Futures Co., Ltd.	Shengxin Futures Brokerage Co., Ltd.
Sanmenxia Tianyuan Aluminum Co., Ltd.	Shengda Futures Co., Ltd.
Shandong Gold Mining Co., Ltd.	Tianfu Futures Co., Ltd.
Shandong Yinan Grain & Oil Corporation	Tianhong Futures Brokerage Co., Ltd.
Shandong Zhaojin Group Co., Ltd.	Tongxin Jiuheng Futures Brokerage Co., Ltd.
Wonder Futures Co., Ltd.	Zhejiang Dayue Futures Brokerage Co., Ltd.
Wenfeng Futures Brokerage Co., Ltd.	Zhejiang Yongan Futures Brokerage Co., Ltd.
Wuhuhengxin Copper Industry Group Co., Ltd.	Zhejiang New Century Futures Co., Ltd.
MinMetals Futures Co., Ltd.	Zhejiang Zhongda Futures Brokerage Co., Ltd.
Western Futures Co., Ltd.	Zheshang Futures Co., Ltd.
Southwest Futures Brokerage Co., Ltd.	Zhengzhou Daoteer Technology Development Co., Ltd.
Bene Dictus futures Futures Co., Ltd.	Zhengzhou Wanshili Industrial Co., Ltd.
Xiangyu Futures Co., Ltd.	Land Group Co., Ltd.
Xinchanye Investment Co., Ltd.	CPI Xianrong Futures Co., Ltd.
Xinhu Futures Co., Ltd.	Chinatex Cotton Imp./Exp. Corporation

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New Era Futures Co., Ltd.	Sinosteel Futures Co., Ltd.
Xinjiang Grain & Oil Group Co., Ltd.	China Grain and Oil Group Co., Ltd.
Xinjiang Tianli Futures Brokerage Co., Ltd.	China Marine Bunker Supply Co., Ltd.
Xinsheng Futures Co., Ltd.	Industrial and Commercial Bank of China Co., Ltd.
Xindingsheng Futures Co., Ltd.	China Everbright Bank Co., Ltd.
Cinda Futures Co., Ltd.	China International Futures Co., Ltd.
Industrial Futures Co., Ltd.	China International United Petroleum & Chemicals Co., Ltd.
Industrial Bank Co., Ltd.	China National Gold Group Corporation
First Futures Brokerage Co., Ltd.	China United Oil Co., Ltd.
Galaxy Futures Co., Ltd.	China National Cereals Trade Corporation
Yinjian Futures Brokerage Co., Ltd.	China Minsheng Banking Co., Ltd.
Yingda Futures Co., Ltd.	Agricultural Bank of China Co., Ltd.
YongAn Futures Co., Ltd.	Bank of China Co., Ltd.
Yunchen Futures Brokerage Co., Ltd.	China Zhongjin Technology Co., Ltd.
Yunnan Hengfeng Futures Brokerage Co., Ltd.	CNOOC Petrochemical Import & Export Co., Ltd.
Yunnan Agricultural Reclamation Group	AVIC Futures Brokerage Co., Ltd.
Yunnan YuanJiang Jinke Group Sugar Co., Ltd.	Sinochem International (Holding) Co., Ltd.
Zhangjiagang Free Trade Zone COFCO Sihafeng Trading Co., Ltd.	Sinochem Oil Co., Ltd.
Shaanxi Changan Futures Brokerage Co., Ltd.	China Chem Co., Ltd.
Yangtze River Futures Co., Ltd.	Zhonghui Futures Brokerage Co., Ltd.
Zhaojin Futures Co., Ltd.	COFCO Corporation
China Merchants Futures Co., Ltd.	COFCO Jilin Co., Ltd.
COFCO Futures Brokerage Co., Ltd.	Central China Futures Co., Ltd.
China Aluminum International Trading Co., Ltd.	CITICS Futures Co., Ltd.
Zhongrong Huixin Futures Co., Ltd.	Zhongzhou Futures Brokerage Co., Ltd.
PetroChina Fuel Oil Co., Ltd.	Chongqing Xinfu Foodstuffs Co., Ltd.
Tianqi Futures Co., Ltd.	Zhuhai Tiantai Futures Brokerage Co., Ltd.
China Futures CO., Ltd.	Zhuzhou Smelter Group Co., Ltd.
CITIC Newedge Futures Co., Ltd.	Ziyang Natural Cotton & Hemp Product Co., Ltd.
China-Derivatives Futures Company Limited	Zijin Mining Group Co., Ltd.

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