

铁矿石国际化推动下的境外行情业务

The Business of Market Data under the Impetus of the Internationalization of Iron Ore

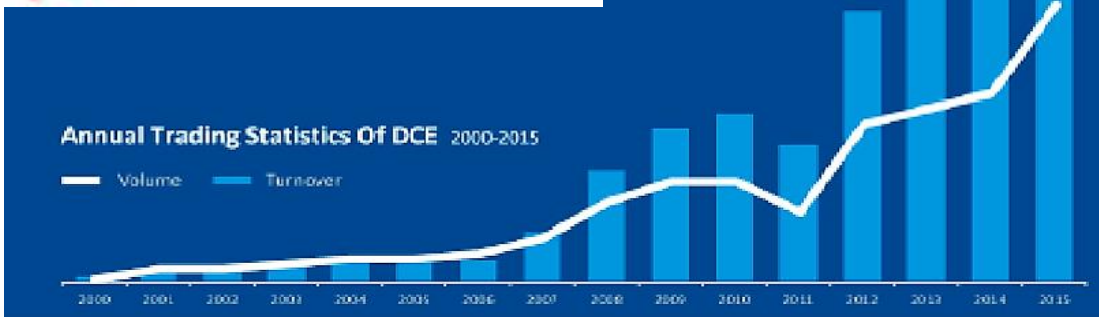
飞创信息技术 林少非

2016年04月

Context

- ◆ Brief Introduction
- ◆ Internationalization of Iron Ore Future
- ◆ Current Clients Structure of DFITC
- ◆ Main Service & Information Market Data service product line
- ◆ Future clients & service prediction
- ◆ Summary

Who is DCE & DFITC?



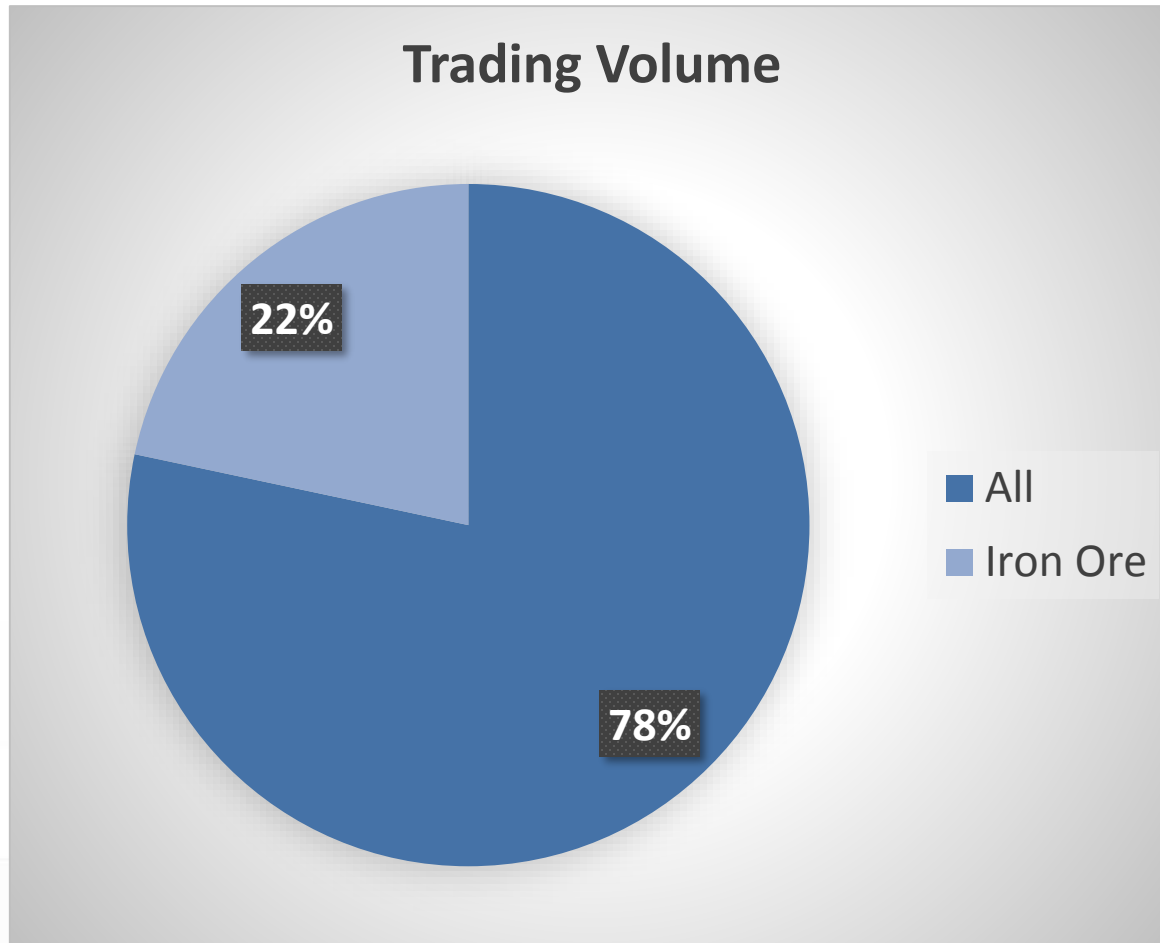
DCE Establish in November 18,1993.

16 listed futures products approved by CSRC in agriculture, chemical, energy and mining sectors

In 2015 DCE achieve 1.2billion lots in trading volume ranked first in China and 8th on the international.

DFITC is a corporation of wholly-owned subsidiary of Dalian Commodity Exchange(DCE), which is in charge of the management and operation of DCE market data, trading platform, hosting service, quantitative trading system .

Why the Iron ore?



- Relatively simple structure of investors
- Discourse power on the price

Target: to make the spot price based on the futures price

The Background



Most Liquid Iron Ore Derivatives Market

Launched in 2013

One of the most successful Futures products in China

Trading volume of 260 million in 2015



Benchmark for Spot Pricing

0.99 correlation with the spot price

Hedging efficiency of 94.96%

Effective hedging instrument for industry participants



Smooth Physical Delivery Process

2.4 million tons successfully delivered since launched

Delivery in bonded zones will facilitate foreign participation



CCP Clearing

Daily mark-to-market

Rigorous margin system

DCE acts as guarantor between Clearing parties

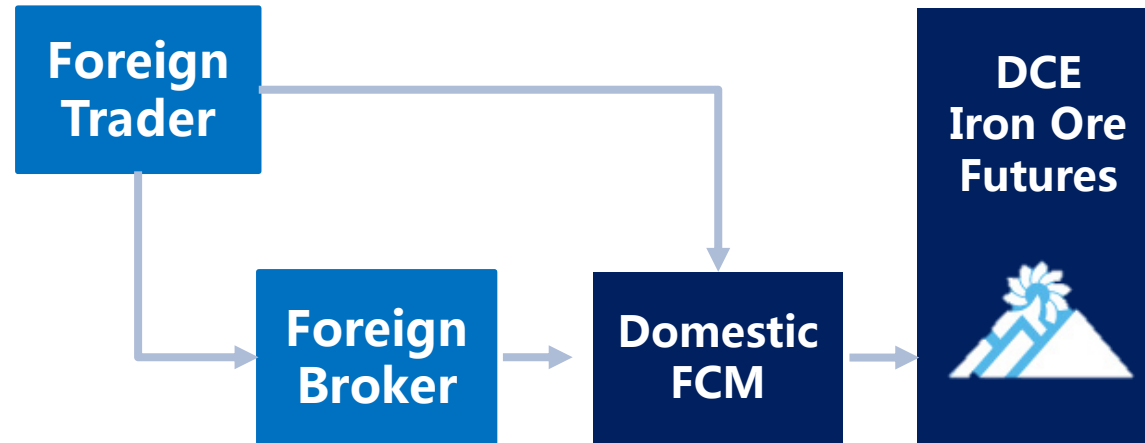


Easy Access

Simple and convenient Participation in China's futures market for foreign investors

How do foreign Investors trade?

■ Opening a Trading Account



- Choose an FCM in Mainland China or a DCE-registered foreign broker
- Submit Application to the broker and sign a agreement
- Broker open an account and provide a unique trading code

■ Opening a Capital Account

- Choose an FCM in Mainland China to open a special account for futures settlement at designated custodian bank
- May use USD or RMB as margin, and can cash out in both currencies
- No limit on margin deposited or cash out amount



Trading & Clearing

- Only Specified kind of futures could be traded in Mainland , and trading order must set through Mainland FCM
- Iron Core is clearing with RMB, the dollar could be used as the margin.
- The margin with dollars exchange based on rate of RMB central parity.
- Only profit could be exchanged to dollars. The loss, fee, taxes, and delivery payment should be cleared with RMB
- Position limit system

Product	Iron Ore
Trading Unit	100MT/Contract
Price Quote	CNY/MT
Tick Size	0.5 CNY/MT
Daily Price Limit	4% of last settlement price
Contract Months	Monthly contracts (12 contracts per year)
Trading Hours	9:00 - 11:30 am, 1:30 - 3:00 pm Beijing Time, Monday - Friday, and other trading hours as announced by DCE
Last Trading Day	10th trading day of the delivery month
Last Delivery Day	3rd day after the last trading day of the delivery month
Deliverable Grades	DCE Iron Ore Delivery Quality Standards
Delivery Location	The warehouses and delivery locations appointed by DCE
Minimum Trading Margin	5% of the contract value
Delivery Form	Physical delivery
Ticker Symbol	I
Exchange	DCE

No difference with
the current contract

Current Exchange who have Iron ore

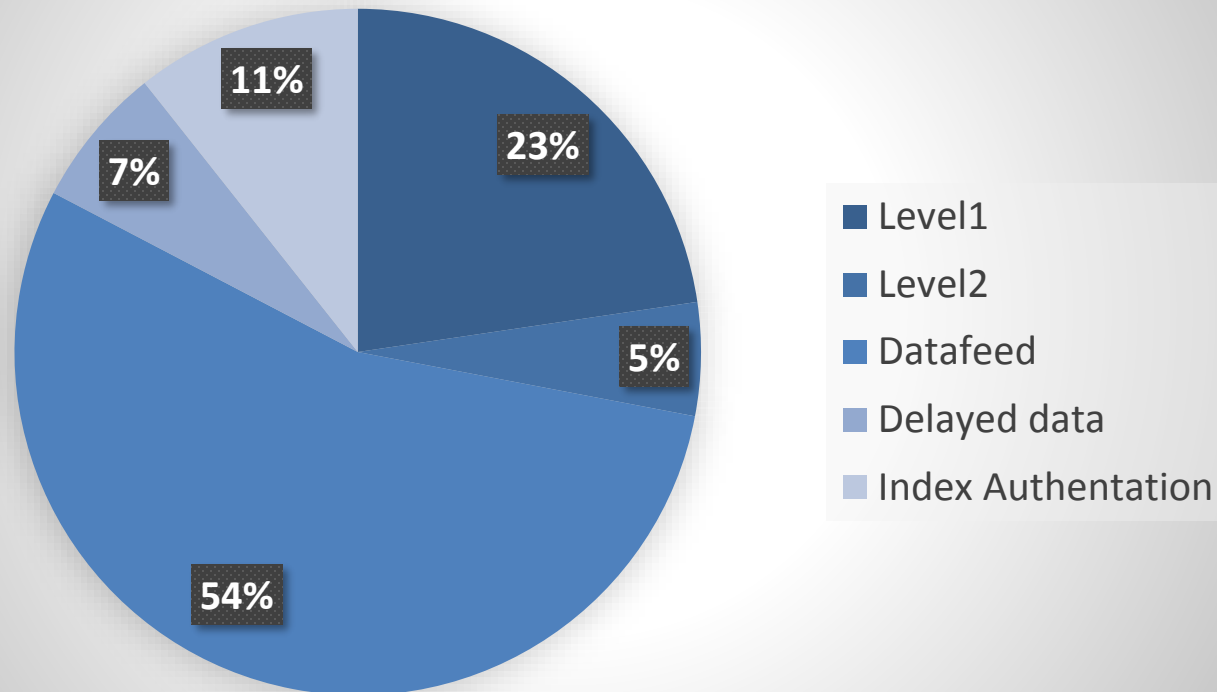


Singapore Mercantile Exchange
Where the world will trade



Our Market Products

Market Data Products



77 member companies

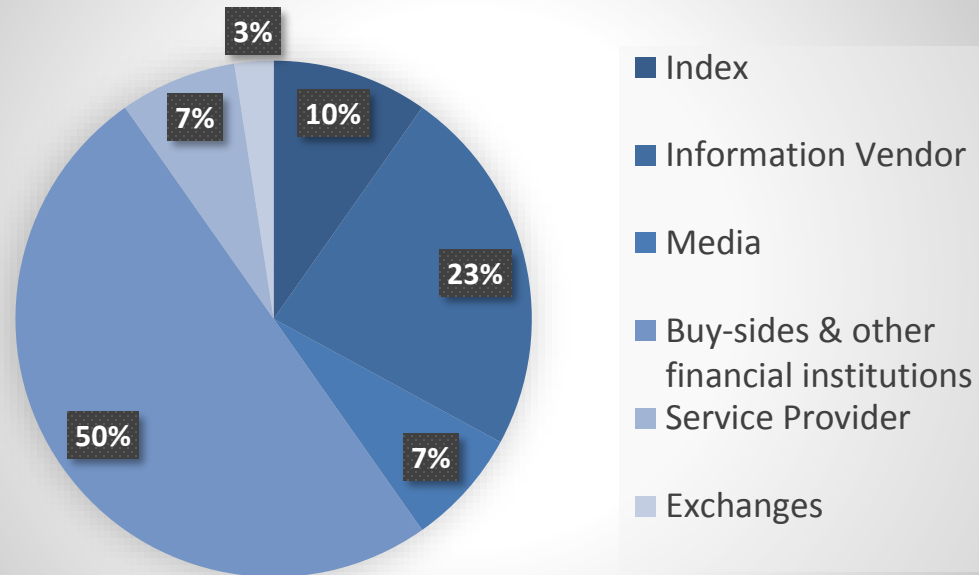
Membership development

- Data Consumers- Buy-side
- Exchanges and Markets
- Media
- Data Vendors
- Index Company
- Service Providers

Besides, the Options would be charged separately with the futures.

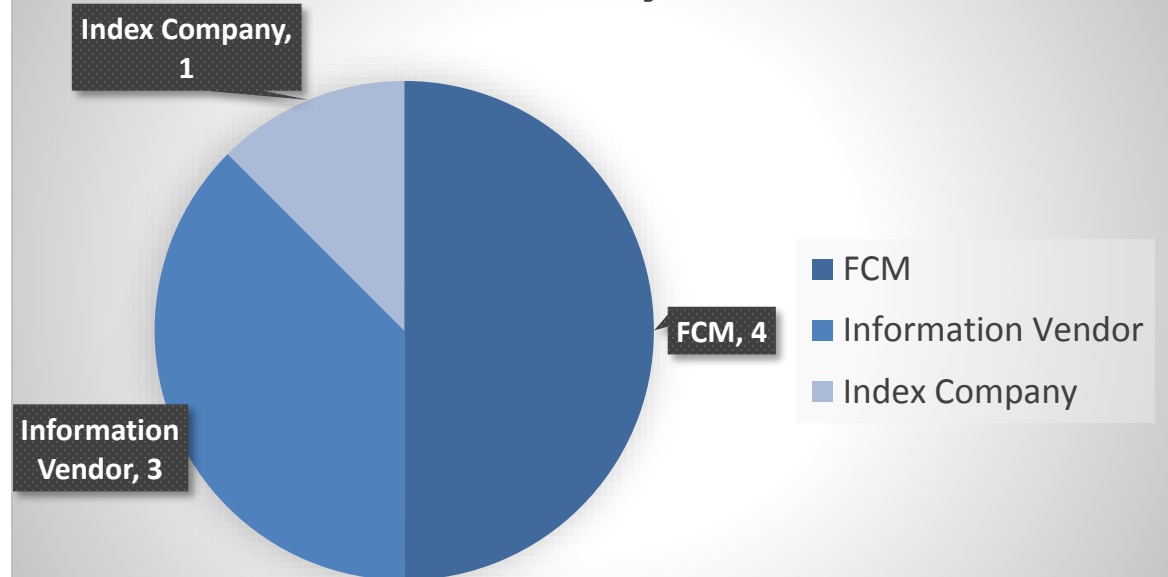
Our Market Products

Members Type Distribution



Most Datafeed(non-display) Clients are Automated Trading Clients and covered 50% of the usage

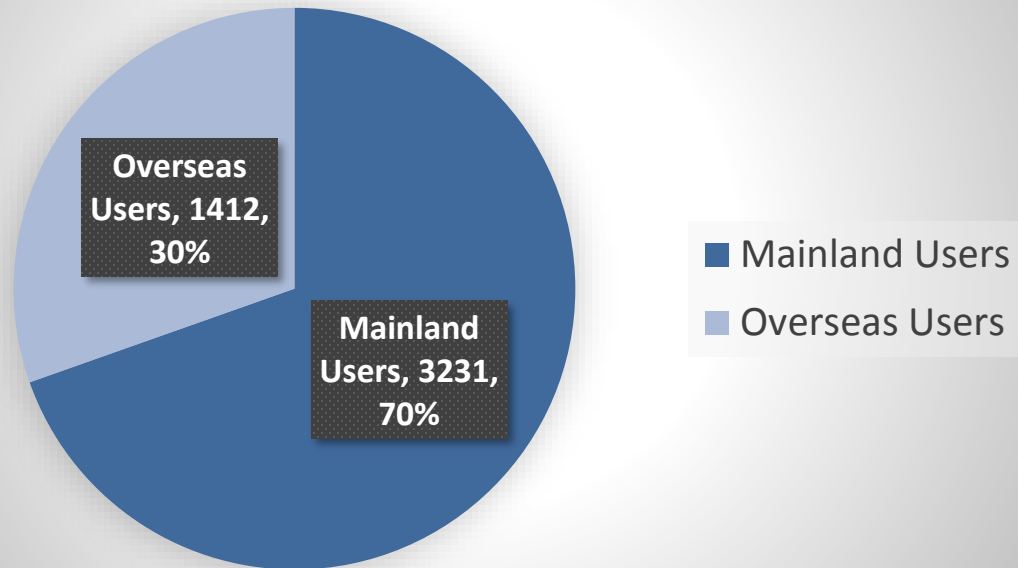
Commodity Index



- 4 FCM,3 IVs and 1 Index Company have gained the authorization of making Index
- Famous Overseas Index Companies have contacted to us for cooperation

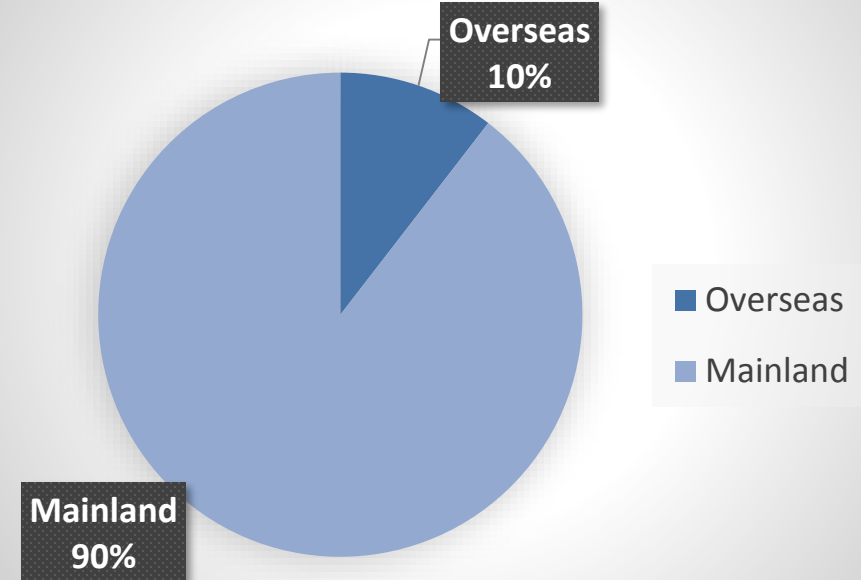
Our Market Products

Terminator Users



In a no-completed open Market, the Overseas terminator users have already reach 1/3 of Mainland.

Members Geographical Distribution



Overseas clients have increased from 2014 and more clients show their interest in our market data product.

Data Content	Level1 data	Level2 data	
2snapshots/sec	√		<p style="text-align: center;">?</p> <p style="text-align: center;">Next generation Developing</p>
4snapshots/sec		√	
Calculated Day High and Day Low	√	√	
Best Bid/Ask Prices and Quantity	√	√	
Last Traded Price and Volume	√	√	
the top 10 order quantities at the best bid/ask price;		√	
Cumulative Volume	√	√	
weighted average bid/ask price		√	
total bid/ask quantities		√	
real-time settlement price and trade volumes by price		√	

DCE Market Data Licensing Fee Schedule

Class	Licensing Fee (yearly)	Terminal Fee (per terminal / monthly)	Remark
Level-1 Data	RMB 300,000	USD 10 (outside Chinese Mainland) <hr/> USD 5 (Inside Chinese Mainland)	Display Usage
Level-2 Data	RMB 400,000	USD 20 (outside Chinese Mainland) <hr/> USD 10 (Inside Chinese Mainland)	Display Usage
Delayed Data	RMB 70,000	N/A	Delayed 10 minites Level-1 data for display usage
Datafeed	RMB 250,000	N/A	Level-2 data stream for non-display usage

■ China Mainland IV Partners

webstock 文華



上海游博网络数据
信息咨询有限公司

GTA 国泰安



Wind 資訊

通达信软件
www.tdx.com.cn

东方财富网
eastmoney.com

FuYoo 富远软件技术
Fuyoo Software Technology

通联数据
让投资更简单

同花顺
www.0033.com

HUNDSUN 恒生电子股份有限公司
HUNDSUN TECHNOLOGIES INC.

FDT
INCUBATOR
金融创新工场

上海信易信息科技有限公司

中汉指数
ZHONG HAN INDICES

博庭科技
BOTINGKEJI

■ Overseas IV Partners

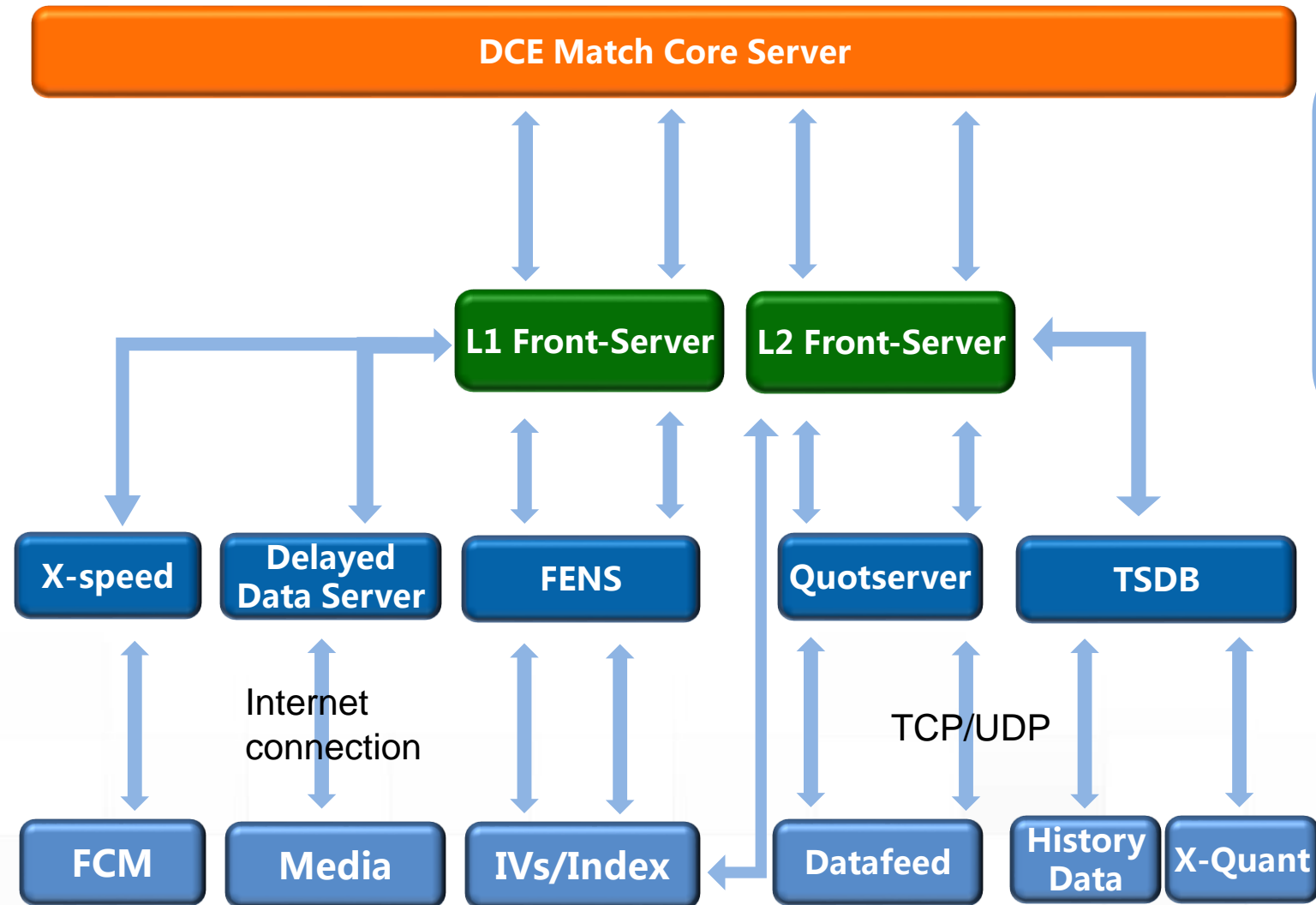
Bloomberg

Interactive Data

Ticker>>>™

THOMSON REUTERS

SIX Financial Information



DFITC offers the Hosting Services, clients could get access to the DCE data-front server directly with low-latency leased line, or co-location services by Intranet within a secure eco-system environment

- All other market data products are based on the system
- Full-order Back up system
- Separate data access channel

Colocation Service in Mainland China

Dalian



Full Market Data Products

Shanghai

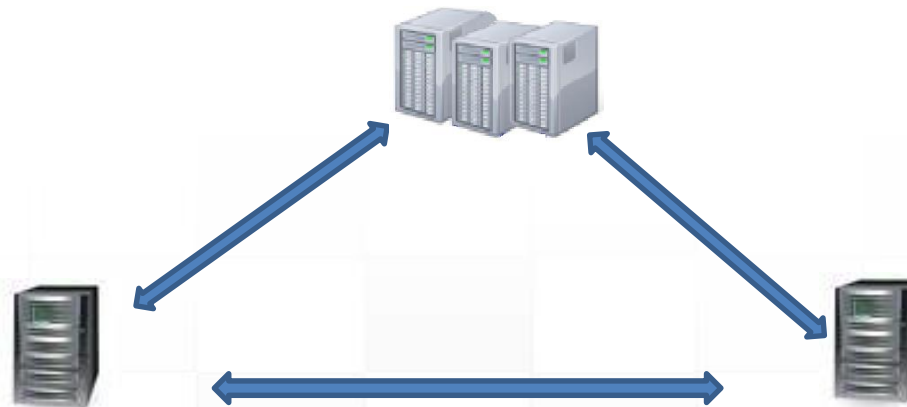


Both Level1 & Level2
And the swap market data

Beijing



Level1 ,Delay Market Data by
Internet Access Connection



SSE



DCE



SZSE



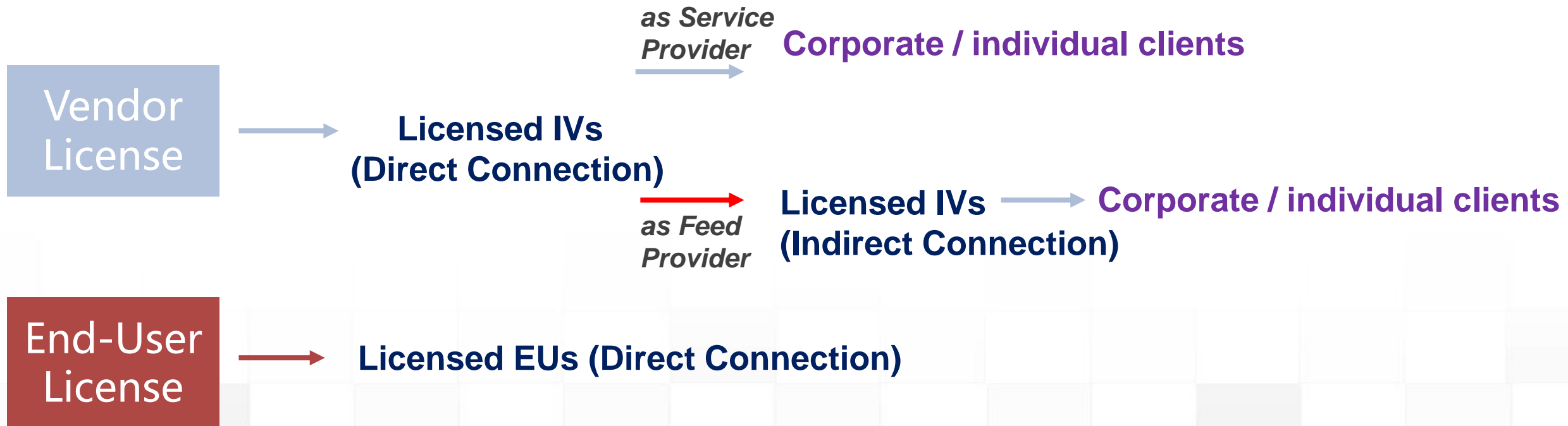
**Free 1-depth real-time data to
Exchange Participants and their
Trading Clients**

- Free 1-depth real-time data is provided to Exchange Participants for their internal use and for their onward dissemination to their trading clients via the trading platform.
- Fee-liable & full market data service will continued be provided by information vendors of respective exchanges.

Redistribution Agents Strategy

Companies act as feed provider , Allows redistribution to DCE licensed end users and IVs

- Vendor redistribution fees
- Reporting obligations



Redistribution Agents Strategy

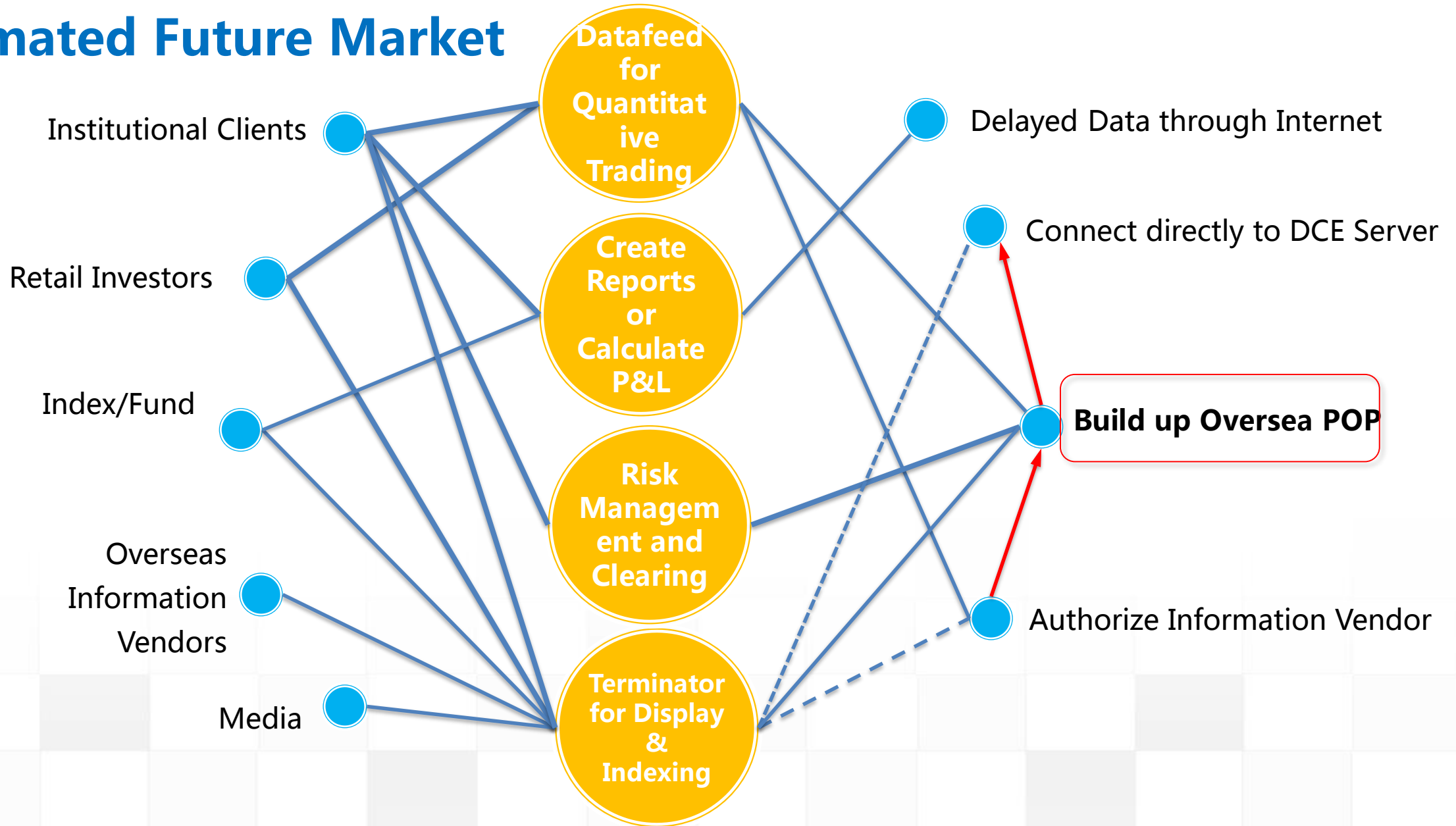


Level1/Level2
Locate at HK

Develop agents to expand overseas market

- ❑ DataFeed will reduce information vendors' cost
- ❑ Business service, Terminal audit, regulate market behavior
- ❑ Background
 - **Reliable**
 - **Stable**
 - **Fast**

Estimated Future Market



Summary of Market Feedback

- More market data clients would involve in
- Subscribers would like to get access to the data more efficiently
- Customize service should be variant

Future Plan

- Considering setting new PoPs in trading intensive areas, like Singapore
- Deeper connection with the overseas IVs, like the CIIS
- Continue to review market feedbacks

Thanks for Listening

Contacts:
Oskar Lin
linshaofei@dce.com.cn
+86 13194116688(Also wechat)