



China Iron Ore Futures open to International investors on May 4th

The *China Securities Regulatory Commission* (“CSRC”) has publicly announced the iron ore futures contract offered by the *Dalian Commodity Exchange* (“DCE”) will allow overseas investors to trade start from May 4th, 2018. It will be the second Chinese commodity market available to the international investors, after the crude oil futures contract offered by the *Shanghai International Energy Exchange* that started trading last month.

China is the biggest iron ore consumer and the biggest steel producer globally. DCE iron ore futures is the world’s second most traded metal futures product. 328,743,737 lots contracts were traded in 2017, and the notional value was over 14 trillion RMB (\$2 trillion).

Contract Comparison	DCE Iron Ore	SGX Iron Ore	CME Iron Ore
Product	Iron Ore 62% Fe Futures	SGX TSI Iron Ore CFR China (62% Fe Fines) Index Futures	Iron Ore 62% Fe, CFR China (TSI) Futures
Contract Size	100 metric tons	100 metric tons	500 dry metric tons
Price Quotation	CNY per metric ton	US dollars and cents per metric ton	US dollars and cents per dry metric ton
Minimum Price Fluctuation	0.5 CNY per metric ton	\$0.01 per metric ton	\$0.01 per dry metric ton
Settlement Type	Physical delivery	Cash settled to the arithmetic average of all The Steel Index (TSI) iron ore reference prices in the expiring month	Cash settled to the average price of all The Steel Index (TSI) price assessments for "Iron ore fines 62% Fe - CFR China Port" in the expiring month.
Delivery Location	The warehouses and delivery locations designated by DCE	N/A	N/A
Listed Contracts	12 monthly contracts	Monthly contracts listed for the current year and the next 3 calendar years	Monthly contracts listed for the current year and the next 3 calendar years
Last Trading Day	10th trading day of the delivery month	Last business day of the contract month	Last business day of the contract month
Daily Price Limits	±8% from the previous day settlement	No price limit	±\$12 per dry metric ton
Minimum Margin Rate	10% of the contract value	Please refer to Exchange website (around \$616, 9.5% of the contract value)	Please refer to Exchange website (around \$2530, 7.9% of the contract value)
Trading Hours (CDT Time)	20:00-21:15, 21:30-22:30, 00:30-2:00 (T+1) 8:00-10:30	18:25 - 7:00 (T+1), 7:15 - 15:45	17:00 - 16:00
2017 Trading Volume (lots)	328,743,737	12,804,720	90,283
2017 December Open Interest	1,018,663	474,175	11,385

Huatai Financial USA Inc (“Huatai USA”), a subsidiary of Huatai Futures and Huatai Securities, offers bespoke solutions to clients participating in exchange-traded derivatives markets. As one of a few Chinese futures firms with a US presence, Huatai has the resources and ability to facilitate futures trading on most global exchanges as well as domestic Chinese exchanges.

With Chinese futures market being opening to the global investors, Huatai USA’s goal is to guide clients through the initial complexities (such as legal, regulatory, infrastructure, technology, and cultural challenges) in hopes of building long-term, mutually beneficial relationships.

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