

# DCE and Palm Oil Futures Contract

December 2020

*Building a Diversified, Open and World-class Derivatives Exchange*

# CONTENTS



01

**Introduction to DCE**

---

02

**RBD Palm Olein Futures**

---

03

**RBD Palm Olein Delivery**

---

**20**



FUTURES

**7**



OPTIONS

**1**



OTC MARKET

**43**



INDICES

## Futures + Options

No.1  
Soybean

Soybean  
Meal

Corn

LLDPE

PVC

No.2  
Soybean

Soybean  
Oil

RBD Palm  
Olein

Coke

Coking  
Coal

Fiber  
board

Block  
board

Egg

Iron Ore

Polypropy  
lene

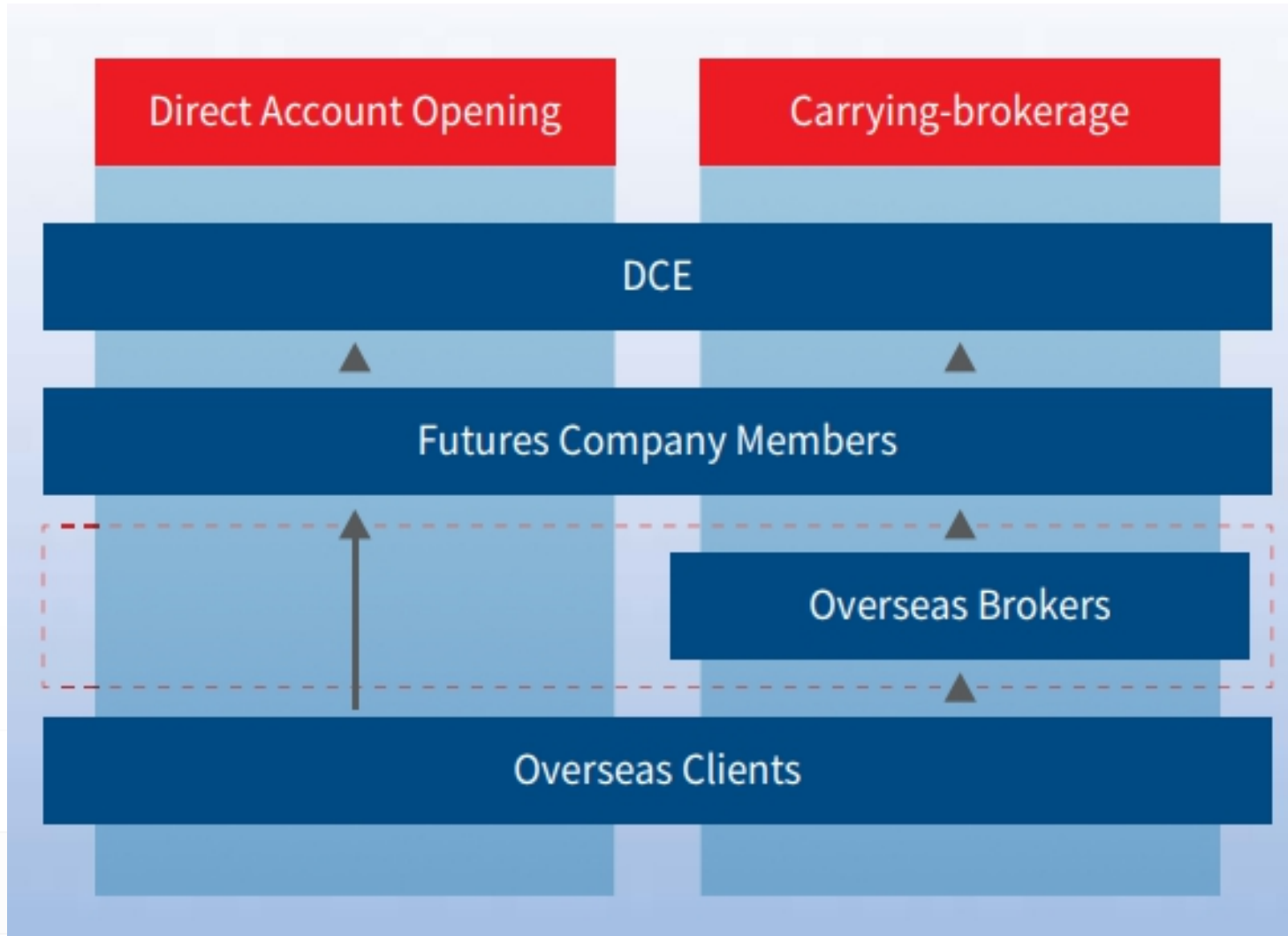
Corn  
Starch

Rice

LPG

Ethylene  
Glycol

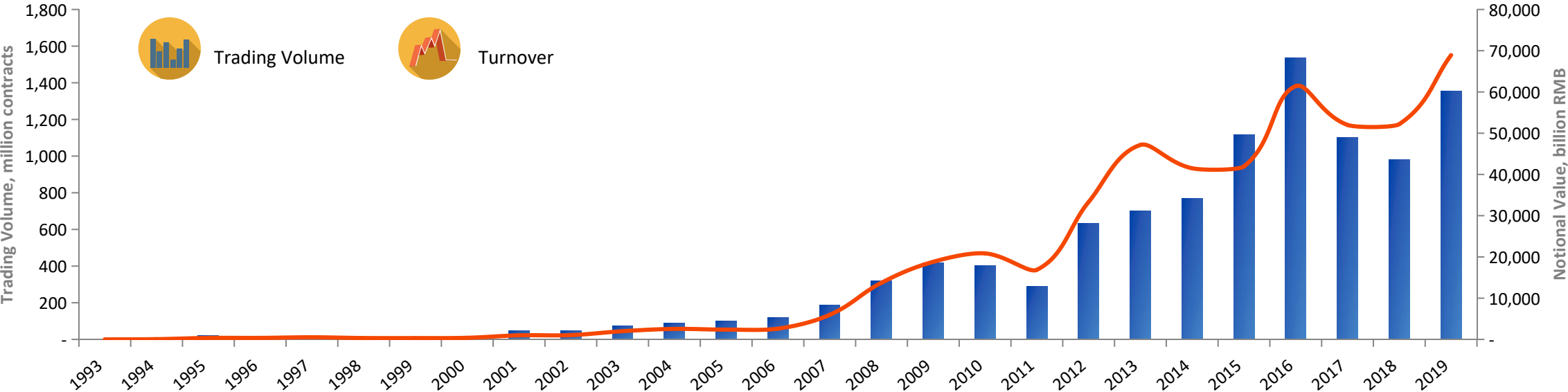
Ethenyl  
benzene



**May 4th, 2018**




DCE's Trading Volume and Turnover by Year



2019			
ANNUAL TRADING VOLUME	ANNUAL TURNOVER	AVERAGE DAILY OPEN INTEREST	AVERAGE DAILY TRADING VOLUME
1,355 million contracts	69 trillion CNY	6.72 million contracts	5.56 million contracts

• Source: Dalian Commodity Exchange

## 2019 Top 20 Derivatives Exchanges Worldwide

Rank	Exchange	Jan – Dec 2019 Vol	Jan – Dec 2018 Vol
1	National Stock Exchange of India	5,960,653,879	3,790,090,142
2	CME Group	4,830,045,369	4,844,857,131
3	B3	3,880,624,283	2,574,073,178
4	Intercontinental Exchange	2,256,762,531	2,474,223,217
5	Eurex	1,947,144,196	1,951,763,081
6	CBOE Holdings	1,912,075,382	2,050,884,142
7	Nasdaq	1,785,341,204	1,894,713,045
8	Korea Exchange	1,546,717,194	1,408,259,039
9	Moscow Exchange	1,455,043,932	1,500,375,257
10	Shanghai Futures Exchange	1,447,597,054	1,201,969,095
 11	<b>Dalian Commodity Exchange</b>	<b>1,355,584,225</b>	<b>981,927,369</b>
12	Zhengzhou Commodity Exchange	1,092,703,580	817,969,982
13	BSE	1,026,425,811	1,032,693,325
14	Miami International Holdings	440,049,131	421,320,501
15	Hong Kong Exchanges and Clearing	438,690,021	480,966,627
16	Borsa Istanbul	387,996,034	236,393,421
17	Japan Exchange Group	361,063,321	411,945,912
18	Multi Commodity Exchange of India	306,592,744	230,339,630
19	Taiwan Futures Exchange	260,765,482	308,083,576
20	ASX	260,478,736	248,003,922

\* Data resource: FIA 2019 volume report

## World Derivatives Exchanges Ranking



Largest **Coke** futures market



Largest **Plastics** futures market



Largest **Oils and Oilseeds** futures market



Largest **Iron Ore** futures market



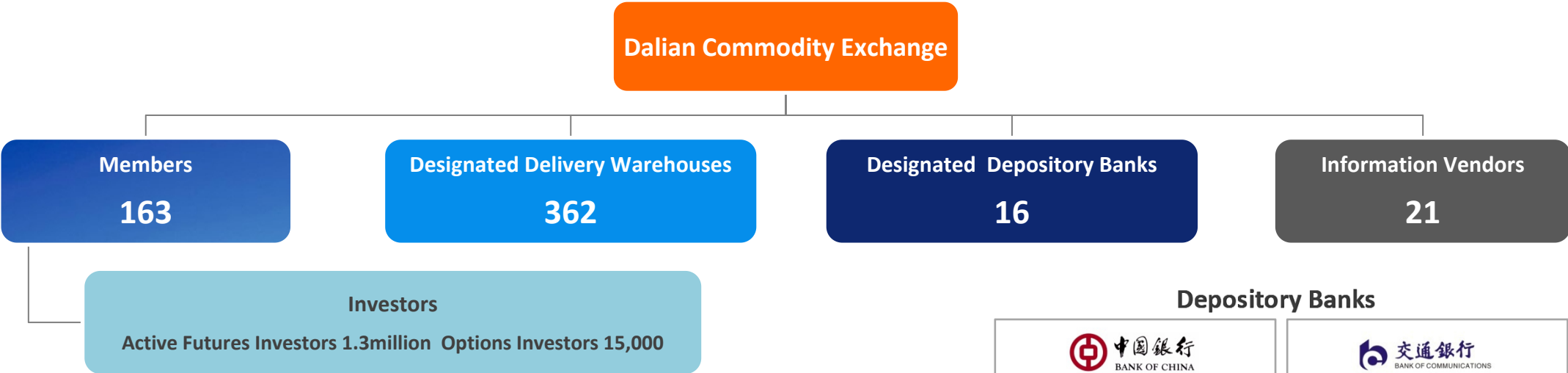
Largest **Agricultural** futures markets

## 2019 Average Daily Open Position Held by Corporate Clients

Agricultural Futures	Proportion
Soybean No.2 Futures	78.70%
Corn Futures	61.33%
Soybean Oil Futures	58.65%
Soybean Meal Futures	57.31%
RBD Palm Olein Futures	54.21%

Industrial Futures	Proportion
PVC Futures	57.39%
LLDPE Futures	54.60%
EG Futures	49.40%
PP Futures	49.34%
Iron Ore Futures	45.97%

*\*Source: China Futures Market Monthly Performance Report*



\* Figures as of 31/12/2019

## DCE's Information Technology



## Depository Banks

 中國銀行 BANK OF CHINA	 交通銀行 BANK OF COMMUNICATIONS
 中國建設銀行 China Construction Bank	 中國工商銀行 INDUSTRIAL AND COMMERCIAL BANK OF CHINA
 中國農業銀行 AGRICULTURAL BANK OF CHINA	 中信銀行 CHINA CITIC BANK
 招商銀行 CHINA MERCHANTS BANK	 浦發銀行 SPD BANK
 中國民生銀行 CHINA MINSHENG BANK	 興業銀行 INDUSTRIAL BANK CO., LTD.
 廣發銀行   CGB	 中國農業發展銀行 AGRICULTURAL DEVELOPMENT BANK OF CHINA
 中國郵政儲蓄銀行 POSTAL SAVINGS BANK OF CHINA	 平安銀行 PING AN BANK
 ank 中國光大銀行 CHINA EVERBRIGHT BANK	 HSBC



# CONTENTS



01

**Introduction to DCE**

---

02

**RBD Palm Olein Futures**

---

03

**RBD Palm Olein Delivery**

---

## DCE RBD Palm Olein Futures Contract

Product	RBD Palm Olein
Trading Unit	10 MT/Lot
Price Quote Unit	CNY/MT
Minimum Tick Size	2 CNY/MT
Daily Price Limit Range*	4% of last settlement price
Contract Months	Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec
Trading Hours	9:00 - 11:30 a.m., 1:30 - 3:00 p.m., Beijing Time, Monday to Friday, and other trading hours announced by DCE
Last Trading Day	The 10 <sup>th</sup> trading day of the contract month
Last Delivery Day	The 3 <sup>rd</sup> trading day after the last trading day
Deliverable Grades	RBD Palm Olein Delivery Quality Standard of DCE (F/DCE P002-2011)
Delivery Point	The delivery warehouses of RBD Palm Olein designated by DCE
Minimum Trading Margin*	5% of the contract value
Delivery Method	Physical delivery
Ticker Symbol	P

Note: DCE may adjust the daily price limit ranges and the trading margins of each contract according to market conditions.

## DCE RBD Palm Olein Futures Delivery Quality Guidelines

Item	Quality Guideline	
Melting Point	≤24°C	
Acid Value (calculated by potassium hydroxide)	Load-in: ≤0.20 mg /g	Load-out: ≤0.23 mg /g
Peroxide Value [mmol/kg (meq/kg)]	Load-in: ≤2.5 mmol/kg (5 meq/kg)	Load-out: ≤5 mmol/kg (10 meq/kg)
Color (133.4mm Lovibond Cell)	Load-in: ≤ yellow 30; red 3.0	Load-out: ≤ yellow 35; red 3.5
Odor and Flavor	Inherent odor and flavor of RBD palm olein, with no peculiar odor	
Transparency	40°C, clear and transparent	
Moisture and Volatiles	≤0.05%	
Insoluble Impurities	≤0.05%	

# Notice on Opening Palm Olein Futures to Overseas Investors



To relevant parties:

Approved by the China Securities Regulatory Commission, the RBD palm olein futures on the Dalian Commodity Exchange (DCE) will be open to the overseas investors. The relevant matters are hereby released:

## **1.Implement Time**

From 9:00 am, December 22, 2020 (GMT+8)

## **2.Trading Contracts**

P2101 and follow-up contracts

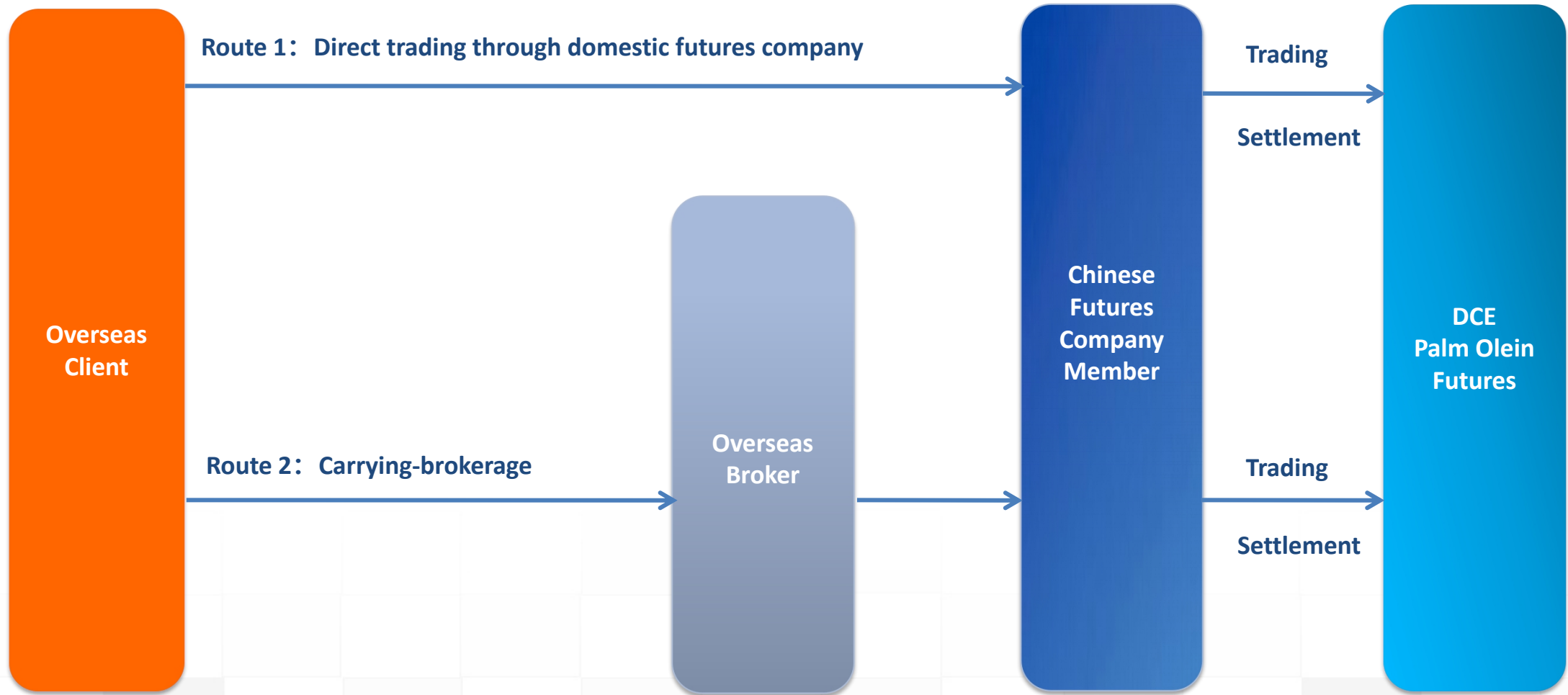
## **3.Foreign Currency as Margins**

Overseas investors can use RMB, standard warehouse receipt, China's government bond and foreign currency funds as margins.

At present, USD is the foreign currency that can be used as margins, with a haircut of 5%. Before the market close of each trading day, DCE will use the central parity rate of RMB announced by China Foreign Exchange Trading System (CFETS) on the previous day as the benchmark price to calculate the market value of foreign currency funds. When settling on the then-current day, the central parity rate of RMB on such day announced by CFETS will be used as the benchmark price to adjust the market value and discounted amount of foreign currency funds.

All relevant parties are required to make full preparations and intensify the prevention of market risks, so as to ensure the smooth market operation.

# How to Onboard Overseas Clients





## Collateral

- RMB cash is used for daily settlement and various collaterals are accepted to ensure the performance of contracts.

### Settlement Currency

RMB Cash

### Accepted Collateral Types

Cash  
RMB, USD

Standard  
Warehouse  
Receipt

Government  
Bond

- **Haircuts:** A 20% haircut is applied for the standard warehouse receipt used as margin, and a 5% haircut for the US dollar used as margin.
- **Proportion limit:** Maximum amount of non-cash collateral is 4 times of the Member's cash collateral.



# RBD Palm Olein Futures-Trading Statistics



## 2019 Annual Trading

**1.35**

billion metric tonnes

**0.98**

correlation with BMD FCPO

**555**

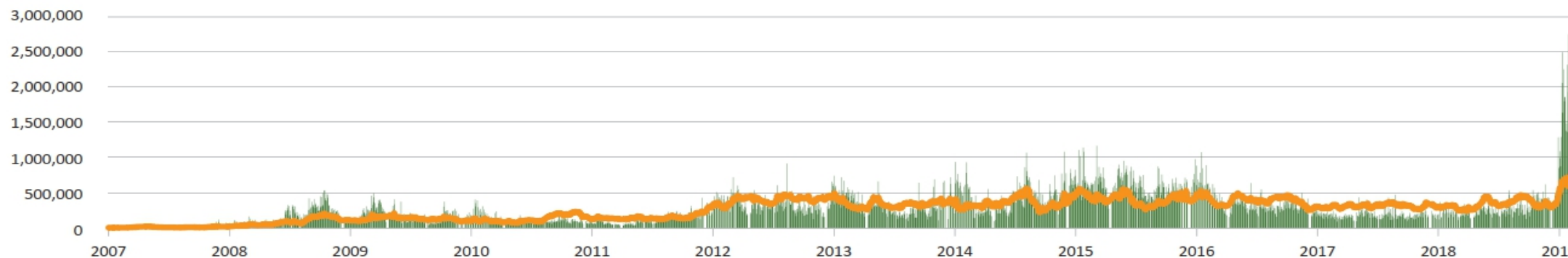
thousand lots of daily trading volume

**418**

thousand lots of daily open interest

UNIT: lots

Daily Trading Volume and Open Interest of DCE RBD Palm Olein Futures (2007.10-2019.12)



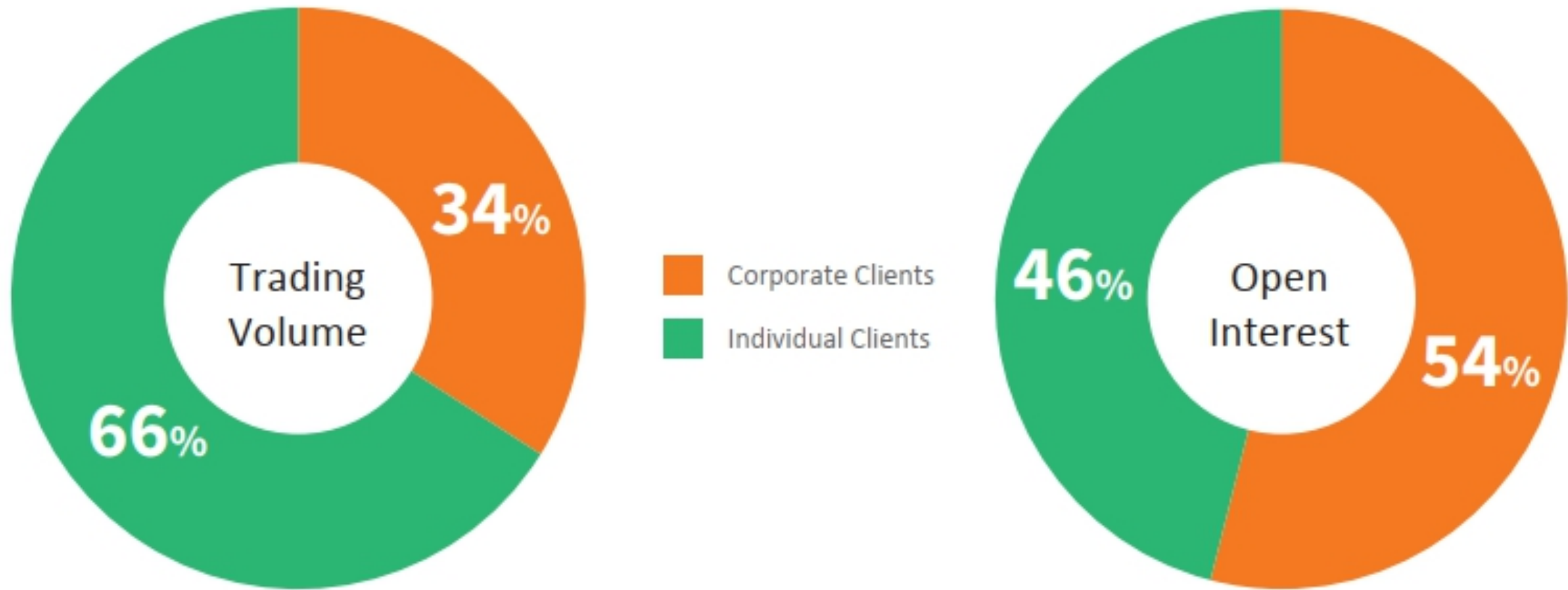
Source: DCE



Trading Volume

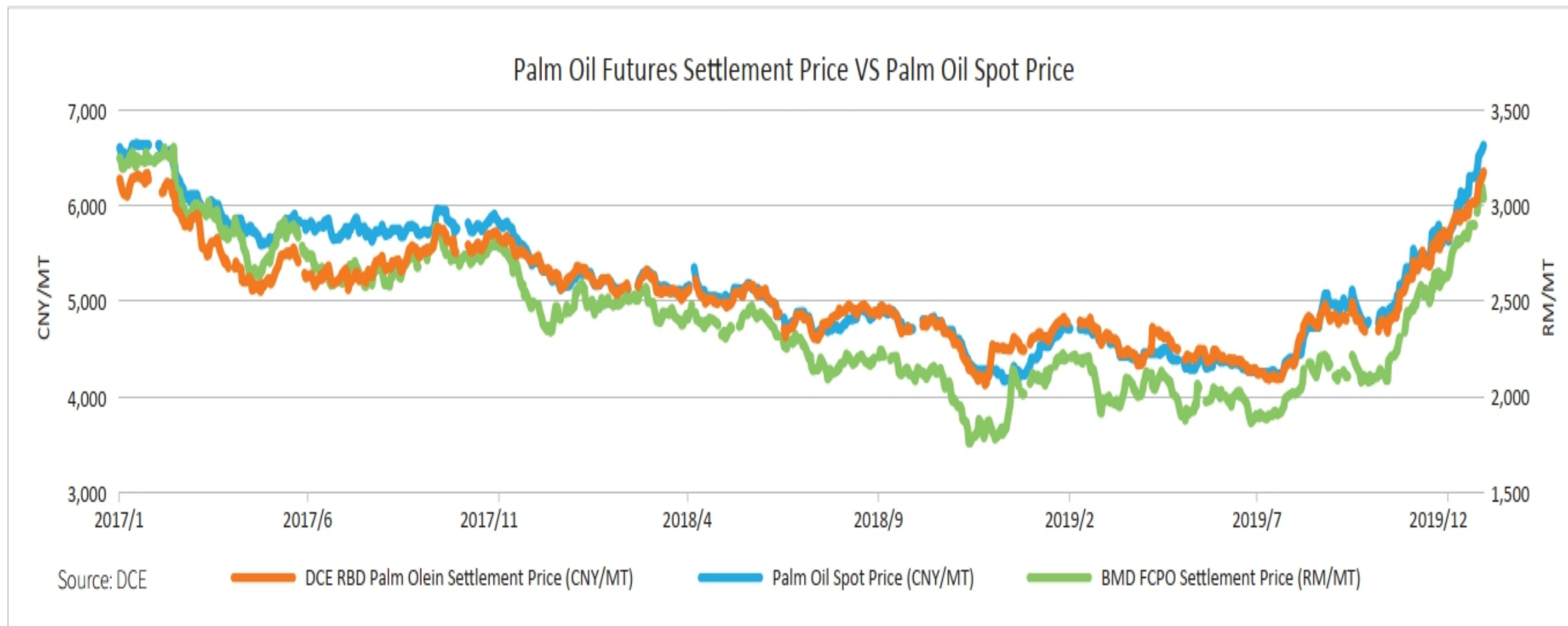


Open Interest



Source: DCE, based on 2019 trading statistics

# High Correlations with Physical Market



# CONTENTS



01

**Introduction to DCE**

---

02

**RBD Palm Olein Futures**

---

03

**RBD Palm Olein Delivery**

---



## Chapter I General Provisions

### Article 6

Delivery of the following positions shall be prohibited:

- (1) Any individual client's positions;
- (2) Any non-integral multiple of delivery units of the positions of coke, coking coal, iron ore or No.2 soybean;
- (3) Corresponding products positions of any entity clients that are not qualified for manufacturing, operating or using the ethenylbenzene or the liquefied petroleum gas;
- (4) RBD palm olein positions of any entity clients that cannot receive or issue VAT invoices.

If the positions held by the entity clients not qualified for manufacturing, operating or using the ethenylbenzene and liquefied petroleum gas or the entity clients of the RBD palm olein futures contracts that cannot receive or issue VAT invoices are matched during Rolling Delivery and One-off Delivery, the Exchange shall impose a fine of twenty percent (20%) of the contract value calculated at the delivery settlement price against such entity client before the market close on the handover day and such fine shall be paid to the counterparty. If both of the matched parties are clients prohibited from delivery, the Exchange shall impose a fine of twenty percent (20%) of the contract value calculated at the delivery settlement price against both parties and such fine will not be paid to each other.



Exchange of Futures for Physicals



One-off Delivery

Modes	EFPs	One-off delivery
Characteristics	Bilateral Negotiation	Organized by DCE
Period	the contract listing date through the last but two trading day (inclusive) of the month preceding the delivery month	Within 3 trading days after the last trading day

## Storage warehouse delivery

Intent to delivery



Load-in



Quality Inspection



Fees



Registration



## Factory warehouse delivery

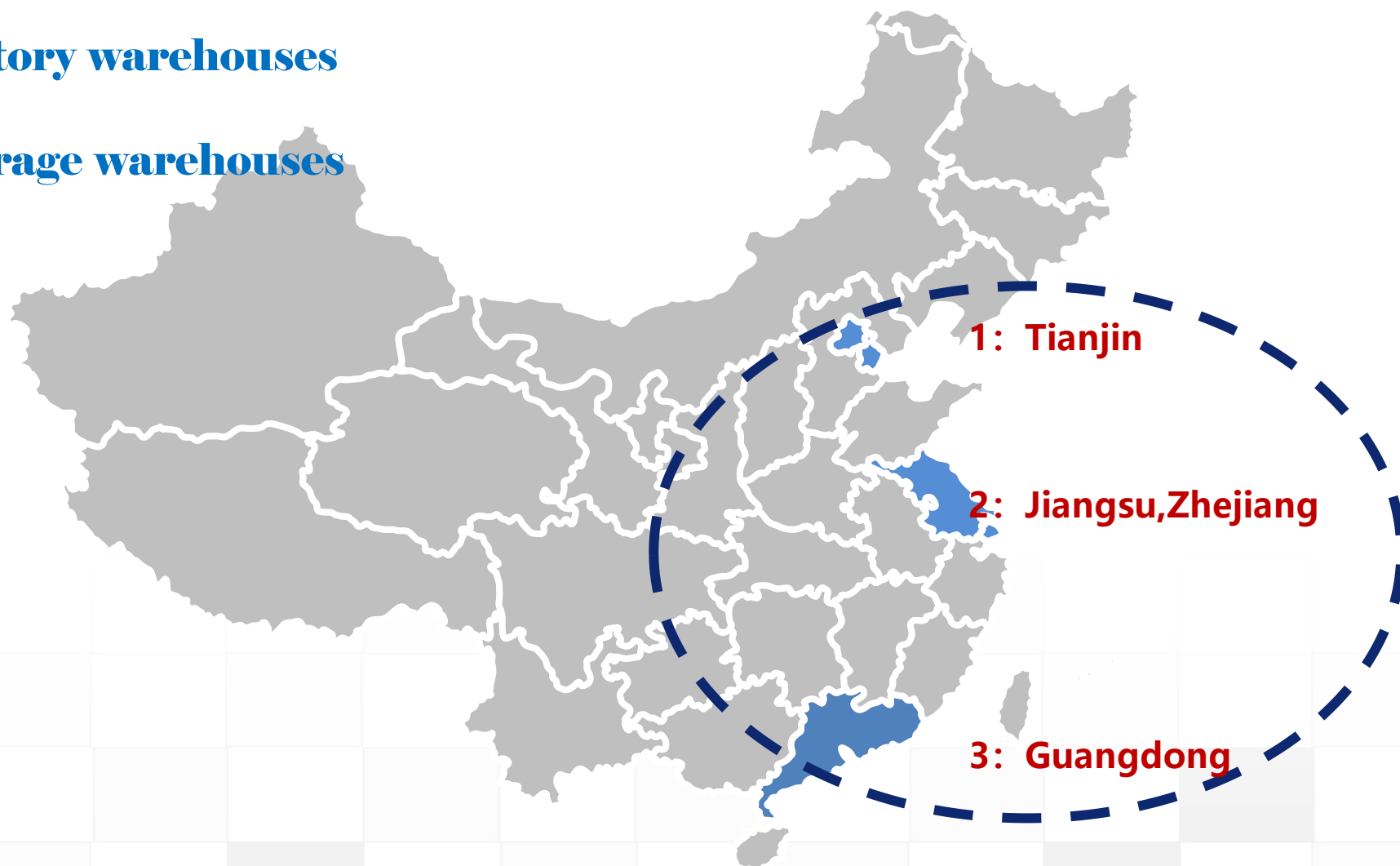
Credit



- Bank performance guarantee
- Cash margin

# Location of Palm Olein Designated Delivery Points

4 delivery factory warehouses  
14 delivery storage warehouses



# Thank You For Your Attention



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[www.dce.com.cn](http://www.dce.com.cn)

***Disclaimer:***

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