**Detailed Rules of Zhengzhou Commodity Exchange for Thermal Coal Futures**

**Chapter 1 General Provisions**

**Article 1** These *Detailed Rules* are made in accordance with the *Trading Rules of Zhengzhou Commodity Exchange* and the thermal coal futures (“**ZC**”) contract to regulate ZC-related activities on the Zhengzhou Commodity Exchange (the “**Exchange**”).

**Article 2** The Exchange, Members, clients, factory warehouses, Designated Quality Inspection Agencies, Board Delivery service providers, and other participants of the futures market shall comply with these *Detailed Rules*.

**Chapter 2 Trading**

**Article 3** ZC contract has a contract size of 100 metric tons/lot.

**Article 4** ZC contract has a price quotation of Chinese Yuan (RMB)/metric ton.

**Article 5** ZC contract has a minimum price fluctuation of 0.2 yuan/metric ton.

**Article 6** ZC contract has the following delivery months: every month from January to December.

**Article 7** ZC contract has a minimum order size of 1 lot, maximum order size of 1,000 lots for limit orders, and maximum order size of 200 lots for market orders.

The Exchange may adjust the minimum order size, maximum limit order size, and maximum market order size based on market conditions. The specific thresholds will be separately announced by the Exchange.

**Article 8** ZC contract is traded during night session hours and day session hours. The night session hours are 21:00 – 23:00. The day session hours are 9:00 – 11:30 and 13:30 – 15:00, with a break at 10:15 – 10:30.

Any suspension or cancellation of the night session or adjustment of the night session hours will be announced by the Exchange.

**Article 9** ZC contract has the following Last Trading Day: the 5th trading day of the delivery month.

**Article 10** ZC contract has the following product code: ZC.

**Chapter 3 Delivery**

**Section 1 General Rules**

**Article 11** ZC may be delivered by exchange of futures for physical, delivery with standard factory warehouse receipts, and Board Delivery.

Rolling Delivery for ZC is conducted through Response Matching.

The specific delivery procedures are governed by the applicable provisions of the *Futures Delivery Rules of Zhengzhou Commodity Exchange* and these *Detailed Rules*.

**Article 12** ZC contract has a delivery unit of 20,000 metric tons.

**Article 13** ZC contract has the following Last Delivery Day: the 8th trading day of the delivery month for delivery with standard warehouse receipts, and the last calendar day of the delivery month for Board Delivery.

**Article 14** The standard warehouse receipts for ZC are all standard factory warehouse receipts.

The standard warehouse receipts for ZC are all non-general standard warehouse receipts.

**Article 15** The standard warehouse receipts for thermal coal registered on or before the 10th trading day of May or November of each year shall be cancelled on or before the 10th trading day of May or November of the same year.

**Article 16** Delivery of ZC shall be made against a special VAT invoice.

**Article 17** The factory warehouses and Board Delivery service providers for ZC and the relevant premiums and discounts are determined and published by, and subject to the adjustment of, the Exchange.

**Article 18** The benchmark delivery price of ZC is the tax-included price at which the benchmark deliverable is delivered at a benchmark delivery point through Board Delivery.

**Article 19** In a Board Delivery, all the expenses incurred before the commodity is loaded onto the truck or ship are borne by the seller; all the expenses incurred thereafter are borne by the buyer.

In a load-out with standard factory warehouse receipts, all the expenses incurred before the commodity is loaded onto the truck, ship, or (in the case of pick-up with railcars) short-haul trucks is borne by the factory warehouse; all the expenses incurred thereafter are borne by the pick-up person.

The rates of delivery fees, storage fees, inspection fees, and other delivery-related fees will be separately announced by the Exchange.

**Article 20** Any matter in relation to the creation, negotiation, and cancellation of standard warehouse receipts for ZC that is not covered by these *Detailed Rules* are governed by the *Rules of Zhengzhou Commodity Exchange on Standard Warehouse Receipts*.

**Section 2 Delivery Standard**

**Article 21** The measurement of the quality indicators for thermal coal for delivery is governed by relevant national standards.

**Article 22** The benchmark deliverable is thermal coal with net calorific value (as received basis) of 5,500 kcal/kg, total sulfur content (dry basis) ≤ 0.8%, 30% ≤ volatile matter (dry ash-free basis) ≤ 42%, ash content (dry basis) ≤ 30%, and total moisture content ≤ 25%.

**Article 23** The substitute deliverables and their premiums and discounts are as follows: thermal coal with net calorific value (as received basis) ≥ 4,300 kcal/kg, total sulfur content (dry basis) ≤ 1.5%, 30% ≤ volatile matter (dry ash-free basis) ≤ 42%, and ash content (dry basis) ≤ 30%.

Settlement price for delivery payment (rounded to two decimal places)

= final settlement price × 0.7687 / 4,500 × measured calorific value, if 4,300 kcal/kg ≤ net calorific value (as received basis) < 4,800 kcal/kg;

= final settlement price × 0.8768 / 5,000 × measured calorific value, if 4,800 kcal/kg ≤ net calorific value (as received basis) < 5,300 kcal/kg;

= final settlement price / 5,500 × measured calorific value, if net calorific value (as received basis) ≥ 5,300 kcal/kg; and

= the value calculated based on 6,000 kcal/kg, if net calorific value (as received basis) > 6,000 kcal/kg.

Where 0.8% < total sulfur content (dry basis) ≤ 1.5%, then a discount of RMB 4 yuan/metric ton applies for every 0.1 percentage point (rounded to one decimal place) above 0.8%.

Thermal coal with total moisture content greater than 25% is deliverable. Where total moisture content > 25%, weight penalty applies in accordance with the amount of moisture (rounded to one decimal place) exceeding 25%. For example, a measured total moisture content of 26.32% corresponds to a weight penalty of 1.3%.

**Section 3 Board Delivery**

**Article 24** A seller in Board Delivery shall, at the time of requesting for delivery, submit information on the commodity it plans to deliver, including but not limited to the delivery quantity, delivery point, net calorific value (as received basis), gross calorific value (dry basis), total sulfur (dry basis), volatile matter (dry basis), total moisture, ash content (dry basis), ash fusion temperature, coal type, place of production, and inspection report. The delivery point shall indicate a specific company at port. Where the thermal coal to be delivered is of a mixed variety, the types of coal in that mix shall be stated.

**Article 25** A buyer and a seller shall, within three (3) trading days from the Third Delivery Day (inclusive), discuss details about the Board Delivery to finalize the settlement method, delivery point, and the method and time of delivery, and enter into a Board Delivery Agreement.

The buyer shall submit the Board Delivery Confirmation Form to the member service system through its carrying Member before 1:30 p.m. on the third trading day from the Third Delivery Day (inclusive); the selling Member shall confirm it before 3:00 p.m. on the same day. Information in the Board Delivery Confirmation Form shall comply with the provisions of these *Detailed Rules* or be consistent with the agreement between the parties, or the Board Delivery Confirmation Form is deemed unsubmitted. Non-submission by the buyer or non-confirmation by the seller within the specified time limit constitutes a default, which will be handled in accordance with the “Handling of Delivery Defaults” section under the *Futures Delivery Rules of Zhengzhou Commodity Exchange*.

**Article 26** A buyer has the right to inspect the quality of the commodity before shipment provided it bears all the related costs. The Designated Quality Inspection Agency shall take and test samples from a moving stream. If the inspection report shows that the commodity does not meet the standard for delivery, the seller is deemed to have committed a delivery default unless otherwise agreed by the parties. If the inspection report shows that the commodity meets the standard for delivery or if the buyer elects not to organize a quality inspection, the commodity shall be shipped as normal.

**Article 27** Where the buyer elects for truck transport, the trucks shall arrive at the location of the commodity within six (6) business days (inclusive) of the Third Delivery Day. Where the buyer elects for ship transport, all of the ships or the first group of them shall arrive at the designated anchorage at the location of the commodity within six (6) business days (inclusive) of the Third Delivery Day. The date of arrival may be postponed accordingly if a force majeure event is preventing the designated port from receiving cargo or if there are other special circumstances.

The buyer shall promptly notify the seller in writing (by fax affixed with its company seal) once its transport vehicles have arrived at the designated location. The seller shall, within one (1) calendar day of the day (exclusive) it receives the buyer’s notice, submit a service request to the relevant port service company at the designated port. The service request shall contain such information as the sampling and weighing methods prescribed by relevant rules or agreed upon by the parties.

**Article 28** Unless otherwise agreed by the buyer and seller, the quality inspection of thermal coal in Board Delivery shall be conducted when the commodity is loaded onto the truck or ship, with samples to be taken on a moving stream by the Designated Quality Inspection Agency selected by the buyer and engaged by the seller. After sampling and sample preparation, the samples shall be partitioned into four parts which shall be acknowledged by the buyer, the seller, and the Designated Quality Inspection Agency with their signatures and then sealed.

Where the buyer and seller do not object to the results of inspection, such results will serve as the basis for determining the quality of the commodity. Any dispute between the buyer and the seller over quality shall be resolved through negotiation first; failing which, either party may submit a re-inspection request to the Exchange within five (5) business days of the day (exclusive) it receives the results of quality inspection with the payment of the re-inspection fees in advance. If no request for re-inspection is submitted within this time limit, the parties will be deemed to have accepted the results of inspection.

Quality re-inspection may be requested only once. The re-inspection is limited in scope to the measurement of the net calorific value (as received basis), total sulfur (dry basis), volatile matter (dry ash-free basis), and ash content (dry basis). The total moisture content established during the initial inspection will be used to calculate the net calorific value (as received basis). The re-inspection agency will be chosen by the Exchange from the list of Designated Quality Inspection Agencies; the samples used for re-inspection will be the samples taken, prepared, and preserved during the initial loading process.

The re-inspection agency shall issue the results of re-inspection within three (3) business days from the date (exclusive) it receives the inspection notice from the Exchange, and notify the Exchange of the results in writing. The Exchange will then forward the results to the party that requested for the re-inspection. The results of re-inspection will serve as the basis for dispute resolution. The re-inspection fees shall be borne by the party at fault.

**Article 29** The weight inspection of thermal coal in Board Delivery shall be conducted by a Designated Quality Inspection Agency or an Exchange-recognized measurement agency, unless otherwise agreed by the buyer and seller. Where the buyer is to receive the commodity by ship, the weight shall be measured by draft survey or, if it is impractical, by truck scale or belt scale as selected based on the circumstances by the Designated Quality Inspection Agency or measurement agency. Where the buyer is to receive the commodity by truck, the weight shall be measured by truck scale. Once the commodity is loaded onto the truck or ship, the Designated Quality Inspection Agency or measurement agency shall issue the certificate of weight in a timely manner, which will serve as the basis for determining the weight of the commodity delivered.

The buyer and the seller have the right to verify the accuracy of the scale. If there is any concern over accuracy, the parties shall stop the delivery process and notify the Exchange in writing. The Exchange will organize a national supervisor of measurement technologies to conduct on-site testing; relevant costs such as travel expenses, transport fare, and testing fees shall be borne by the party at fault.

**Article 30** Where the buyer is to receive the commodity with ship, the weight tolerance for each ship is within ±500 metric tons. The delivery payment for commodity within the weight tolerance will be settled by the Exchange in accordance with the actual weight; the delivery payment for any commodity exceeding the weight tolerance shall be settled by the buyer and seller themselves. Unless otherwise agreed by the parties, any shortage beyond the weight tolerance shall be made up by the seller to within the weight tolerance in a timely manner at loading; failing which, the Exchange will, at the time of calculating the delivery payment, make deductions at twice the amount of shortage beyond the weight tolerance.

The formula for this deduction is: settlement weight for each ship = weight to be delivered – 500 – (weight to be delivered – 500 – weight as measured) × 2.

**Article 31** Where the delivery of thermal coal is delayed because the buyer’s transport vehicle fails to arrive at the port (or anchorage) of where the commodity is located within the agreed or prescribed time limit, or because the seller fails to complete preparing the commodity for delivery and submit the loading service request to the designated port within the agreed or prescribed time limit, the buyer and the seller shall jointly determine a solution through negotiation. failing which, the non-defaulting party may submit to the Exchange a request for compensation along with its supporting materials. Once verified, the Exchange will deduct a late fee from the party at fault and transfer it to the non-defaulting party as compensation. The amount of late fee = Σ[2 yuan/metric ton/day × days delayed × commodity quantity yet to be shipped or picked up].

If shipment or pick-up cannot be made as scheduled due to a force majeure event, the shipment or pick-up time may be postponed accordingly.

**Article 32** The delivery payment for any thermal coal already shipped shall be calculated to two decimal places based on the actual results of inspection.

Settlement price for delivery payment (rounded to two decimal places)

= final settlement price / 5,500 × measured calorific value, if net calorific value (as received basis) ≥ 5,300 kcal/kg;

= the value calculated based on 6,000 kcal/kg, if net calorific value (as received basis) > 6,000 kcal/kg;

= final settlement price × 0.8768 / 5,000 × measured calorific value, if 4,800 kcal/kg ≤ net calorific value (as received basis) < 5,300 kcal/kg;

= final settlement price × 0.7687 / 4,500 × measured calorific value, if 4,300 kcal/kg ≤ net calorific value (as received basis) < 4,800 kcal/kg;

= final settlement price × 0.7687 / 4,500 × measured calorific value × 50%, if net calorific value (as received basis) < 4,300 kcal/kg.

If the net calorific value (as received basis) obtained during inspection is lower than that published by the seller at delivery matching by more than 300 kcal/kg, an additional RMB 5 yuan/metric ton penalty applies to the formulas above. If the measured value exceeds the published value by more than 300 kcal/kg, then for the calculation of the settlement price for the delivery payment, the net calorific value (as received basis) = the published value + 300.

If the total sulfur (dry basis), volatile matter (dry ash-free basis), and ash content (dry basis) are beyond the range for deliverables, then the calculation of the settlement price for the delivery payment shall be made in the following order of net calorific value (as received basis), total sulfur (dry basis), volatile matter (dry ash-free basis), and ash content (dry basis). The specific formulas are as follows:

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| **Indicator range** | **Formula** |
| 1.5% < total sulfur (dry basis) ≤ 2.5% | 80% × the value calculated from the measured calorific value and 1.5% total sulfur content (dry basis) |
| Total sulfur (dry basis) > 2.5% | 50% × the value calculated from the measured calorific value and 1.5% total sulfur content (dry basis) |
| Volatile matter (dry ash-free basis) or ash content (dry basis) is beyond the range for deliverables | 80% × the value calculated from the measured calorific value and the measured total sulfur content (dry basis) |

**Section 4 Delivery with Standard Factory Warehouse Receipts**

**Article 33** The maximum number of standard warehouse receipts registerable by a ZC factory warehouse is determined by, and subject to the adjustment of, the Exchange.

A factory warehouse for ZC shall provide registration security in accordance with the rules of the Exchange before requesting to register standard warehouse receipts.

**Article 34** At the time of registering standard factory warehouse receipts for thermal coal, the factory warehouse shall submit to the Exchange such information about the commodity as the net calorific value (as received basis), gross calorific value (dry basis), total sulfur (dry basis), volatile matter (dry basis), total moisture content, ash content (dry basis), ash fusion temperature, coal type, and place of production.

**Article 35** At the time of cancelling standard warehouse receipts for thermal coal, the pick-up person shall contact the relevant factory warehouse to discuss the quality and weight of the commodity to be picked up at least twenty (20) calendar days before the pick-up date. Where an agreement is reached between the pick-up person and the factory warehouse, the pick-up shall be conducted as they have agreed and any premiums and discounts shall be settled by and among themselves. Where no agreement is reached between the pick-up person and the factory warehouse, the pick-up person shall take delivery based on the commodity information provided by the factory warehouse when registering the standard warehouse receipts; any premiums and discounts will be settled by the Exchange upon the shipment of the commodity.

If no agreement is reached, the determination of quality and the weight tolerance at time of pick-up by the pick-up person at the designated port are governed by the relevant provisions of Section 3 “Board Delivery” of this Chapter; the final settlement price is determined by the latest final settlement price of the ZC contract up to and including the date the Pick-up Notice is issued.

After the pick-up person and the factory warehouse have agreed on the particulars of the commodity pick-up and submitted them to the Exchange, the Exchange will issue a Pick-up Notice to the pick-up person.

If the pick-up person and the factory warehouse have agreed to make and take delivery at a location other than a designated delivery point published by the Exchange, the relevant matters shall be governed by the agreement between the parties.

**Article 36** Pick-up of thermal coal at a port under a standard factory warehouse receipt shall be conducted in accordance with the provisions of Section 3 “Board Delivery” of this Chapter.

**Article 37** The weight tolerance and quality inspection of thermal coal at pick-up are governed by the relevant provisions of Section 3 “Board Delivery” of this Chapter.

**Article 38** Where the pick-up person or factory warehouse objects to the weight or quality of the commodity, they shall jointly determine a solution; failing which, the pick-up person or factory warehouse may request the Exchange for a one-time re-inspection with the requester’s payment of the re-inspection fee and other relevant fees in advance. Objection over weight shall be raised before load-out; objection over quality shall be raised within five (5) business days following the receipt of the quality inspection report. The re-inspection is limited in scope to the measurement of the net calorific value (as received basis), total sulfur (dry basis), volatile matter (dry ash-free basis), and ash content (dry basis). Only the previously retained samples may be used for re-inspection. The procedures for the re-inspection are governed by the “Load-out Re-inspection of Factory Warehouse Commodities” section under the *Rules of Zhengzhou Commodity Exchange on Standard Warehouse Receipts*.

**Article 39** Where the factory warehouse or pick-up person fails to ship or pick up the commodity as planned, they shall discuss a solution in a timely manner and appropriately adjust the shipment speed or schedule. The party at fault shall additionally pay a late fee which shall be resolved by the parties through negotiation.

Where the factory warehouse fails to ship the commodity in full within five (5) calendar days from the agreed final shipment date, the pick-up person may request the factory warehouse to terminate shipment and pay liquidated damages. The amount of liquidated damages = highest final settlement price of the ZC contract in the nearby month × commodity quantity yet to be shipped × 120%.

The factory warehouse or the pick-up person is not liable for the late fee or liquidated damages if shipment or pick-up is delayed by weather or other force majeure events.

The factory warehouse and pick-up person shall properly keep the commodity shipment schedule, agreements, and shipment- and pick-up-related documentations as the basis for settling potential disputes.

**Article 40** Where more than one pick-up person takes delivery at the same time, the factory warehouse may arrange the shipment in accordance with such factors as the time scheduled with the pick-up persons and the completion time of the pick-up procedures.

**Article 41** Where a factory warehouse defaults on its delivery obligations and fails to pay or fully pay the compensation or liquidated damages, the Exchange may compensate the pick-up person by disposing of the security provided by the factory warehouse.

**Article 42** Upon the completion of shipment and the Exchange’s written confirmation of the fulfillment of quality and quantity obligations by the factory warehouse, the Exchange will return the properties or documents provided by the factory warehouse as security at the factory warehouse’s request.

**Chapter 4 Risk Management**

**Article 43** ZC contract has a minimum Trading Margin rate of 5% of contract value.

The Trading Margin rate of ZC contract varies as follows:

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| **Trading period** | **Trading Margin rate** |
| From listing to the 15th calendar day of the month preceding the delivery month | 5% of contract value |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 10% of contract value |
| Delivery month | 20% of contract value |

**Article 44** ZC contract has a price limit of ±4% of the settlement price of the preceding trading day.

**Article 45** The position limit of a particular ZC contract varies as follows:

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| **Trading period** | **Maximum long position or short position held by a non-futures brokerage Member or client (lot)** |
| From listing to the last calendar day of the 2nd month preceding the delivery month | 2,000 |
| From the 1st calendar day to the 15th calendar day of the month preceding the delivery month | 1,000 |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 400 |
| Delivery month | 200  (0 for individuals) |

“Position limit” as used in this Article refers to the maximum size of speculative positions (calculated on a single-counted basis) in a given futures contract that a Member or client is permitted to hold by the Exchange.

**Article 46** Where the Exchange adjusts the Trading Margin rate or price limit of ZC contract in accordance with the *Risk Control Rules of Zhengzhou Commodity Exchange* or other rules, such adjusted values shall prevail.

**Chapter 5 Ancillary Provisions**

**Article 47** Any violation of these *Detailed Rules* will be handled in accordance with the *Rules of Zhengzhou Commodity Exchange on Violations* and other applicable Rules of the Exchange.

**Article 48** Any matter not covered by these *Detailed Rules* is governed by the relevant Rules of the Exchange.

**Article 49** The Exchange reserves the right to interpret these *Detailed Rules*.

**Article 50** These *Detailed Rules* take effect on February 6, 2024.

(This English version is for reference ONLY. In case of any inconsistency between the different language versions, the Chinese version prevails.)