**Detailed Rules of Zhengzhou Commodity Exchange for Urea Futures**

**Chapter 1** **General Provisions**

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

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

**Chapter 2** **Trading**

**Article 3** UR contract has a contract size of 20 metric tons/lot.

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

**Article 5** UR contract has a minimum price fluctuation of 1 yuan/metric ton.

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

**Article 7** UR 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** UR contract has the following trading hours: 9:00 – 11:30 and 13:30 – 15:00, with a break at 10:15 – 10:30.

Where the Exchange announces the creation of a night session for the UR contract, the trading hours specified in that announcement shall prevail. The Exchange may suspend, cancel, or adjust the trading hours of the night session for UR contract based on market conditions, the specifics of which will be separately announced by the Exchange.

**Article 9** UR contract has the following Last Trading Day: the 10th trading day of the delivery month.

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

**Chapter 3** **Delivery**

**Section 1** **General Rules**

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

Rolling Delivery for UR 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** UR contract has a delivery unit of twenty (20) metric tons (net weight).

**Article 13** UR contract has the following Last Delivery Day: the 13th trading day of the delivery month.

**Article 14** The standard warehouse receipts for UR may be classified into standard delivery warehouse receipts and standard factory warehouse receipts.

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

**Article 15** The standard warehouse receipts for urea registered on or before the 15th trading day of February, June, or October of each year shall be cancelled on or before the 15th trading day of February, June, or October of the same year.

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

**Article 17** The delivery warehouses and factory warehouses for UR 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 UR is the tax-included price (including packaging fees) at which the benchmark deliverable is delivered through a load-out from a benchmark delivery point onto a truck.

**Article 19** The registrant of a standard warehouse receipt shall bear all the expenses incurred before the commodity is transported to the designated storage area in the delivery warehouse as well as the expenses from loading the commodity onto the truck at load-out; the pick-up person shall bear all the expenses incurred after the commodity is loaded onto the truck.

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

**Article 20** The cost of packaging materials for urea is included in the price of the corresponding futures contract and is not charged separately.

**Article 21** Any matter in relation to the creation, negotiation, and cancellation of standard warehouse receipts for UR that is not covered by these *Detailed Rules* is governed by the *Rules of Zhengzhou Commodity Exchange on Standard Warehouse Receipts.*

**Section 2** **Delivery Standard**

**Article 22** The delivery of UR is governed by national standards and these *Detailed Rules.*

**Article 23** The benchmark deliverable is “Premier Grade” prilled fertilizer urea conforming to the specifications of *National Standard of the People’s Republic of China “Urea”* (GB/T 2440-2017) with total nitrogen content ≥ 46%, biuret content ≤ 0.9%, moisture content ≤ 0.5%, methylene diurea ≤ 0.6%, and particle diameter 0.85-3.35 mm ≥ 93%.

**Article 24** The substitute deliverable and premiums and discounts are as follows: prilled fertilizer urea conforming to GB 2440-2017 with total nitrogen content ≥ 45%, biuret content ≤ 1.5%, moisture content ≤ 1%, methylene diurea ≤ 0.6%, and particle diameter 0.85-3.35 mm ≥ 90% at a discount of RMB 20 yuan/metric ton.

**Article 25** The packaging of deliverable urea shall conform to the specifications of *National Standard of the People’s Republic of China “Packing of Solid Chemical Fertilizers”* (GB/T 8569). Urea shall be packaged in double-layer bags or composite plastic woven bags, with woven polypropylene bag as the outer layer and polyethylene film bag as the inner layer. The packaging shall markings that indicate the name and address of the manufacturer, product name, net weight, product grade, and particle size range. The net weight of urea in 25.0 kg, 40.0 kg, and 50.0 kg bags shall not be less than 25.0 kg, 40.0 kg, and 50.0 kg.

Each shipment of urea shall be produced by the same manufacturer and have the same packaging specifications.

**Section 3** **Delivery with Standard Delivery Warehouse Receipts**

**Article 26** A load-in deposit of RMB 30 yuan/metric ton shall be paid to the delivery warehouse at the submission of a delivery intention for UR.

**Article 27** The Load-in Notice issued by a UR delivery warehouse is valid for forty (40) calendar days.

**Article 28** At load-in, the registrant of the standard warehouse receipts shall provide the delivery warehouse with the Certificate of Quality issued by the manufacturer of the current shipment of urea to certify that the product meets the standard for delivery. The Certificate of Quality shall indicate the name and address of the manufacturer, trademark, product type and grade, particle size, lot number, date of production, applicable quality standards, and quality inspection results for the current shipment of product, among other information.

**Article 29** No urea with a date of production beyond 150 days from the latest date of cancellation for standard warehouse receipts may be loaded in.

Any urea that comes with damaged or wet packaging or shows signs of serious contamination, caking, or similar conditions may not be accepted by a delivery warehouse for load-in.

**Article 30** A delivery warehouse conducts weight inspection on urea at load-in. The weight inspection may be conducted through a combination of truck scale and weighing of randomly selected bags, or solely by weighing of randomly selected bags.

**Article 31** The sampling, sample preparation, and quality inspection of the urea for load-in is to be conducted by a Designated Quality Inspection Agency in accordance with national standards. The relevant delivery warehouse shall provide cooperation and the inspection fees shall be borne by the registrant of the corresponding standard warehouse receipts.

The Designated Quality Inspection Agency shall issue and notify the delivery warehouse of the inspection results within three (3) business days of completing the sampling process.

Any registrant or delivery warehouse that objects to the results of load-in quality inspection may request the Exchange for a re-inspection. The specific procedures are governed by the “Load-in Re-inspection of Delivery Warehouse Commodities” section under the *Rules of Zhengzhou Commodity Exchange on Standard Warehouse Receipts.*

**Article 32** The Exchange may approve inspection-exempt brands for the deliverables of UR. The load-in quality inspection for urea may be waived for any load-in request directly submitted by an inspection-exempt brand, and for any other registrant that has submitted to the Exchange and delivery warehouse a Commitment of Quality that is issued by an inspection-exempt brand and conforms to the requirements of the Exchange. The list of inspection-exempt brands for urea will be separately announced by the Exchange.

**Article 33** The registrant of standard warehouse receipts shall be present at the weight inspection and load-in sampling of urea to monitor the process. The delivery warehouse and the registrant shall confirm the inspection results with their signatures and seals and are jointly responsible for the quality of the commodity loaded in. Any commodity without the signatures and seals of the delivery warehouse and registrant shall not be delivered against futures products.

After the commodity is loaded in, the delivery warehouse shall record in a file such information as the name, contact person, and contact information of the registrant; load-in quantity; manufacturer; and the storehouse and stack location, which information shall be confirmed by the registrant with signature.

**Article 34** Upon the cancellation of a standard delivery warehouse receipt for urea, the pick-up person shall, within ten (10) business days after the Exchange issues the Pick-up Notice, visit the delivery warehouse to complete the pick-up procedures with his ID card, certificate of identity and authority issued by his employer, and the verification code for the Pick-up Notice; verify the quality of the commodity and determine the means of transport; and pay the applicable fees in advance.

Where the pick-up person provides his own transport vehicles, the delivery warehouse shall, as of the date that it is visited by the pick-up person with the Pick-up Notice to arrange for the load-out and the transport vehicles arrive at the delivery warehouse, begin the shipping process and stop charging the storage fees for any commodity already loaded onto such transport vehicles.

Where the pick-up person requests the delivery warehouse to handle the transport of the commodity, the delivery warehouse shall ship the commodity within ten (10) calendar days by trucks or ships or twenty (20) calendar days by railcars from the day when the pick-up person contacts the delivery warehouse with the Pick-up Notice to arrange for the load-out, designates the destination, and pays the relevant fees (including but not limited to rail freight forwarding charges and terminal handling charges) in advance. Any delivery warehouse that is not able to ship the commodity within the prescribed time limit may not charge storage fees for the period after the time limit.

The shipping time limit in the preceding paragraph does not apply if shipment is delayed due to such reasons as a change of the means of transport or shipment date by the pick-up person, missing pick-up documentations, late payment of relevant fees, or special shipping instructions.

**Article 35** The load-out weight inspection of urea shall be jointly conducted by the delivery warehouse and the pick-up person in reference to the rules on load-in weight inspection.

Any quantity shortage at load-out shall be made up by the delivery warehouse at load-out based on the specified load-out quantity; failing which, the delivery warehouse shall compensate the pick-up person for the price of the missing commodity based on the highest final settlement price of the UR contract in the nearby month up to and including the date the Pick-up Notice is issued.

**Article 36** Any pick-up person that objects to the quality of the urea at load-out may request the Exchange for a one-time re-inspection with the payment of the re-inspection fees in advance. Such objection shall be raised within ten (10) business days after the Pick-up Notice is issued. The specific procedures are governed by the “Load-out Re-inspection of Delivery Warehouse Commodities” section under the *Rules of Zhengzhou Commodity Exchange on Standard Warehouse Receipts*.

**Article 37** Urea with 3‰ or less percentage of damaged or wet packaging or signs of serious contamination, caking, or similar conditions is deemed normal and shall not be refused by the pick-up person. The delivery warehouse is liable for compensation for any portion of urea beyond 3‰ with such conditions.

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

**Article 38** The maximum number of standard warehouse receipts registerable by a UR factory warehouse is determined by, and subject to the adjustment of, the Exchange.

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

**Article 39** Upon the cancellation of a standard factory warehouse receipt for urea, the pick-up person shall, within ten (10) business days after the Exchange issues the Pick-up Notice, visit the factory warehouse to complete the pick-up procedures with his ID card, certificate of identity and authority issued by his employer, and the verification code for the Pick-up Notice; verify the quality of the commodity and determine the means of transport; and pay the applicable fees in advance.

The pick-up person shall, at the time of pick-up, come to an agreement with the factory warehouse on the shipment speed and the load-out completion time. If no agreement can be reached, the factory warehouse shall comply with the daily shipment volume approved by the Exchange.

In these *Detailed Rules*, “daily shipment volume” refers to the minimum quantity of futures deliverable ready for shipment by a factory warehouse within a 24-hour period. The daily shipment volume of a factory warehouse is determined by and subject to the adjustment of the Exchange.

**Article 40** Unless otherwise agreed with the pick-up person, a factory warehouse shall begin shipping the commodity within three (3) calendar days after the pick-up procedures are duly completed. The pick-up person may either pick up the commodity personally at the warehouse or request the factory warehouse to ship it on his behalf.

The shipping time limit in the preceding paragraph does not apply if shipment is delayed due to such reasons as a change of the means of transport or shipment date by the pick-up person, missing pick-up documentations, late payment of relevant fees, or special shipping instructions.

**Article 41** The load-out weight inspection of urea from a factory warehouse shall be jointly conducted by the pick-up person and the factory warehouse, with the weight obtained by the factory warehouse being conclusive. Load-out shall be conducted without shortage in weight.

Any quantity shortage at load-out shall be made up by the factory warehouse in a timely manner; failing which, the delivery warehouse shall compensate the pick-up person for the price of the missing commodity based on the highest final settlement price of the UR contract in the nearby month up to and including the date the Pick-up Notice is issued.

The pick-up person shall be present at the delivery location to monitor the delivery process, or be deemed to have accepted the load-out weight.

**Article 42** Unless otherwise agreed with the pick-up person, a factory warehouse shall ensure the commodity delivered meets the quality specifications of the Exchange for delivery.

At the time of load-out, the factory warehouse shall present to the pick-up person the Certificate of Quality showing conformance with the standard for delivery, and take samples in the presence of the pick-up person before the commodity is loaded onto the buyer’s transport vehicles, which samples shall be jointly confirmed and then jointly sealed by the parties. Each sample is to be partitioned into three parts, with one kept by the pick-up person and two by the factory warehouse. The samples shall be retained by the factory warehouse for thirty (30) calendar days after shipment and will serve as the basis for settling potential quality disputes.

Any urea that comes with damaged or wet packaging or shows signs of serious contamination, caking, or similar conditions may not be accepted or delivered by a factory warehouse.

**Article 43** 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 of load-out. 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 44** 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. The amount of late fee = Σ[5 yuan/metric ton/day × days delayed × commodity quantity yet to be shipped or picked up].

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 UR 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 45** 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 46** 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 47** Upon the completion of shipment and the Exchange’s written confirmation of the fulfillment of quality and weight 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 48** UR contract has a minimum Trading Margin rate of 5% of contract value.

The Trading Margin rate of UR 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 49** UR contract has a price limit of ±4% of the settlement price of the preceding trading day.

**Article 50** The position limit of a particular UR 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 15th calendar day of the month preceding the delivery month | 5,000 |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 1,000 |
| Delivery month | 300  (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 51** Where the Exchange adjusts the Trading Margin rate or price limit of UR 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 52** 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 53** Any matter not covered by these *Detailed Rules* is governed by the relevant Rules of the Exchange.

**Article 54** The Exchange reserves the right to interpret these *Detailed Rules*.

**Article 55** 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.)