**Detailed Rules of Zhengzhou Commodity Exchange for Soda Ash Futures**

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

**Article 1** These *Detailed Rules* are made in accordance with the *Trading Rules of Zhengzhou Commodity Exchange* and the soda ash futures (“**SA**”) contract to regulate SA-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** SA contract has a contract size of 20 metric tons/lot.

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

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

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

**Article 7** SA 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** SA 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** SA contract has the following Last Trading Day: the 10th trading day of the delivery month.

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

**Chapter 3** **Delivery**

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

**Article 11** SA 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 SA 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** SA contract has a delivery unit of 20 metric tons.

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

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

The standard warehouse receipts for SA are all general standard warehouse receipts.

**Article 15** The standard warehouse receipts for soda ash registered on or before the 15th trading day of January, March, May, July, September, or November of each year shall be cancelled on or before the 15th trading day of January, March, May, July, September, or November of the same year.

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

**Article 17** The delivery warehouses and factory warehouses for SA and the relevant premiums and discounts are determined and published by, and subject to the adjustment of, the Exchange.

**Article 18** The premiums and discounts for a delivery warehouse or factory warehouse for SA are transferred when the corresponding standard warehouse receipts are registered or cancelled; the corresponding special VAT invoice shall be issued by the registrant to the cancelling party under the supervision of the delivery warehouse or factory warehouse. The delivery warehouse or factory warehouse will collect a deposit based on the applicable VAT rate, which deposit shall be returned following the issuance of the special VAT invoice.

**Article 19** The benchmark delivery price of SA 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 20** 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 21** The cost of packaging materials for soda ash is included in the price of the corresponding futures contract and is not charged separately*.*

**Article 22** Any matter in relation to the creation, negotiation, and cancellation of standard warehouse receipts for SA 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 23** The delivery of SA is governed by national standards and these *Detailed Rules*.

**Article 24** The benchmark deliverable is dense soda ash meeting the specifications for “Category II Premier Grade” soda ash under *National Standard of the People’s Republic of China “Sodium Carbonate for Industrial Use”* (GB/T 210-2022) with sodium chloride content (as dry NaCl % by mass) ≤ 0.6%.

**Article 25** The packaging for deliverable soda ash shall comply with GB/T 210-2022. Each bag of soda ash has a net weight of one (1) metric ton or other weight prescribed by the Exchange.

**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 soda ash.

**Article 27** The Load-in Notice issued by an SA delivery warehouse is valid for fifteen(15) 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 commodity to certify that the product meets the standard for delivery. The Certificate of Quality shall indicate the manufacturer, date of production, applicable quality standards, and quality inspection results for the current shipment of product, among other information.

A separate delivery intention shall be declared for the soda ash produced by each manufacturer.

**Article 29** No soda ash with a date of production older than ninety (90) days may be loaded in.

No soda ash that comes with damaged or wet packaging or shows signs of serious contamination, caking, or similar conditions may be loaded in.

**Article 30** A delivery warehouse conducts weight inspection on soda ash 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 load-in quality inspection of soda ash is to be conducted by a Designated Quality Inspection Agency; the inspection fees shall be borne by the registrant of the corresponding standard warehouse receipts. One sample shall be taken for every 500 metric tons of soda ash and for any remaining quantity less than 500 metric tons. Each sample is to be partitioned into three parts, with two jointly sealed by the delivery warehouse and registrant and then sent or delivered to the Designated Quality Inspection Agency.

The Designated Quality Inspection Agency shall issue and notify the delivery warehouse of the inspection results within five (5) business days of receiving each batch of samples.

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 SA. The load-in quality inspection for soda ash 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 soda ash 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 soda ash 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 soda ash, 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 begin shipping 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 soda ash 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 in a timely manner 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 SA 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 soda ash 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** Where soda ash at load-out has damaged or wet packaging or shows signs of serious contamination, caking, or similar conditions, the delivery warehouse is liable for compensation.

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

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

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

**Article 39** The delivery point for soda ash registered under a standard factory warehouse receipt is the delivery warehouse chosen by the pick-up person within the shipping radius of the relevant factory warehouse or another designated delivery point. The shipping radius of factory warehouses will be separately announced by the Exchange. The factory warehouse shall bear the relevant fees, including the transit fees charged by the delivery warehouse, before the commodity is transported to the buyer’s trucks at the designated delivery point. Any premiums or discounts associated with the designated delivery point may be settled by the pick-up person and the factory warehouse by and among themselves in accordance with the premiums and discounts established by the Exchange.

The pick-up person and the factory warehouse may agree on another pick-up location, in which case the particulars of delivery and the related fees shall be determined by the parties through negotiation.

**Article 40** Upon the cancellation of a standard factory warehouse receipt for soda ash, 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 shipping 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.

**Article 41** The pick-up person and factory warehouse shall agree on the shipping arrangements within three (3) business days after the former contacts the latter about shipping matters. Among other information, such agreement shall specify the delivery point, means of transport, shipping speed, allocation of expenses. Where the parties are unable to agree on the shipping speed, the factory warehouse shall ship the commodity per the daily shipment volume approved by the Exchange. If delivery takes place at a delivery warehouse, the factory warehouse and the pick-up person shall contact the delivery warehouse in a timely manner to finalize the delivery arrangements.

The factory warehouse shall ship the commodity within three (3) calendar days of the conclusion of the shipping agreement in the case of truck transport, and within fifteen (15) calendar days of the conclusion of the shipping agreement in the case of rail or ship transport. Upon shipment, the factory warehouse shall deliver the relevant documents to the pick-up person and delivery warehouse in a timely manner.

The pick-up person shall complete the commodity acceptance, pick-up, or storage procedures within three (3) calendar days from the day (exclusive) that each shipment of products arrives at the relevant delivery warehouse, or be solely liable for any expenses and quality issues arising from delayed pick-up.

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 42** In a delivery of soda ash, the factory warehouse and the pick-up person shall jointly determine how the weight inspection and the expenses will be conducted or allocated. Absent an agreement, the weight inspection shall be conducted by the delivery warehouse or the other designated delivery point and the expenses shall be borne by the factory warehouse.

Any quantity shortage at make-delivery 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 SA 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 43** 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.

The factory warehouse shall provide the Certificate of Quality to the pick-up person at delivery. The pick-up person may refuse to accept any soda ash produced 150 or more days before the cancellation date of the corresponding standard warehouse receipt.

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

**Article 44** 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 delivery; objection over quality shall be raised within five (5) business days of delivery. 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 45** 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 SA 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 46** 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 47** 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 48** 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 49** SA contract has a minimum Trading Margin rate of 5% of contract value.

The Trading Margin rate of SA 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 50** SA contract has a price limit of ±4% of the settlement price of the preceding trading day.

**Article 51** The position limit of a particular SA 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 | 20,000 |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 2,000 |
| Delivery month | 800  (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 52** Where the Exchange adjusts the Trading Margin rate or price limit of SA 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 53** 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 54** Any matter not covered by these *Detailed Rules* is governed by the relevant Rules of the Exchange.

**Article 55** The Exchange reserves the right to interpret these *Detailed Rules*.

**Article 56** 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.)