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

**Chapter 1 General Provisions**

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

**Chapter 2 Trading**

**Article 3** MA contract has a contract size of 10 metric tons/lot.

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

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

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

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

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

**Chapter 3 Delivery**

**Section 1 General Rules**

**Article 11** MA may be delivered by exchange of futures for physical (“**EFP**”), delivery with standard delivery warehouse receipts, and delivery with standard factory warehouse receipts. MA may adopt either duty-paid delivery or Bonded Delivery.

Rolling Delivery for MA 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 *Rules*.

**Article 12** MA contract has a delivery unit of 10 metric tons.

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

**Article 14** The standard warehouse receipts for MA may be classified into standard delivery warehouse receipts and standard factory warehouse receipts, and also into bonded standard warehouse receipts and duty-paid standard warehouse receipts.

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

**Article 15** The duty-paid standard warehouse receipts for methanol registered on or before the 15th trading day of May or November of each year shall be cancelled on or before the 15th trading day of May or November of the same year.

The validity period of bonded standard warehouse receipts for methanol extends five (5) trading days beyond that of duty-paid standard warehouse receipts.

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

**Article 17** The delivery warehouses and factory warehouses for MA 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 MA is the tax-included price at which the benchmark deliverable is delivered through a load-out from a benchmark delivery warehouse 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** Any client that is not qualified to produce, store, use, deal in, or transport methanol shall not take part in the delivery of methanol.

**Article 21** Any matter in relation to the creation, negotiation, and cancellation of standard warehouse receipts for MA 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 MA is governed by national standards and these *Rules*.

**Article 23** The benchmark deliverable is “Premier Grade” methanol under *National Standard of the People’s Republic of China “Methanol for Industrial Use”* (GB/T 338-2011), without requirement for “mass fraction of ethanol.”

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

**Article 24** 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 MA.

**Article 25** The Load-in Notice issued by a methanol delivery warehouse is valid for forty (40) calendar days.

**Article 26** Methanol shall be transported in a manner that complies with national regulations on the transport of dangerous chemicals.

**Article 27** With respect to any request to load in domestically produced methanol, a Certificate of Quality issued by the manufacturer of the current shipment of product shall be presented to the delivery warehouse 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, among other information.

With respect to any request to load in overseas-produced methanol, photocopies of the shipping documents, PBC Customs Declaration Form for Import Goods, and the Certificate of Quality issued by the manufacturer for the current shipment of product, as well as the original customs clearance documents, shall be presented to the delivery warehouse. The registrant of the standard warehouse receipts shall sign a Guarantee of Lawful, Truthful, and Valid Documentations for Imported Methanol for the documentations it provides.

The delivery warehouse shall review the load-in documentations specified in the foregoing paragraphs as well as the registrant’s qualifications to deal in dangerous chemicals.

**Article 28** At the load-in of methanol transported by truck, the weight shall be as indicated by the truck scale and the weight inspection shall be organized by the delivery warehouse. At the load-in of methanol transported by rail or ship, the weight shall be as indicated by the measuring stick into the storage tank of the delivery warehouse. The registrant of the standard warehouse receipts may engage a Designated Quality Inspection Agency or the delivery warehouse to perform weight verification. Where weight verification is performed by a Designated Quality Inspection Agency, the delivery warehouse shall provide cooperation and any expenses incurred shall be borne by the registrant.

Subject to the approval of the Exchange, the weight inspection may be conducted with another sophisticated weighing apparatus recognized by the relevant national quality and technical supervision authority.

**Article 29** The load-in sampling and quality inspection of methanol is to be conducted by a Designated Quality Inspection Agency. The relevant delivery warehouse shall provide cooperation and any expenses incurred (excluding the expenses of the delivery warehouse for cooperating with the inspection) 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 30** The registrant of standard warehouse receipts shall be present at the weight inspection and load-in sampling of methanol 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 tank number, which information shall be confirmed by the registrant with signature.

**Article 31** For any methanol that is already loaded in, if the corresponding prospective registrant can provide, and the delivery warehouse recognizes, the inspection report issued by the relevant Designated Quality Inspection Agency which certifies that the methanol meets the standard for delivery, the registrant may request to register the corresponding standard warehouse receipts.

**Article 32** Where a tank contains a mixture of methanol for futures delivery and methanol for spot transactions, the relevant delivery warehouse shall ensure that the entire tank meets the standard for futures delivery. Any methanol not meeting this standard may not be stored in a mixed tank or used to register for standard warehouse receipts.

**Article 33** Upon the cancellation of a standard delivery warehouse receipt for methanol, 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 trains 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 34** The load-out weight inspection of methanol 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; 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 MA contract in the nearby month up to and including the date the Pick-up Notice is issued.

**Article 35** Any pick-up person that objects to the quality of the methanol 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*.

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

**Article 36** The maximum number of standard warehouse receipts registerable by an MA factory warehouse is determined by, and subject to the adjustment of, the Exchange.

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

**Article 30** Upon the cancellation of a standard factory warehouse receipt for methanol, 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 *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 38** 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 39** The load-out weight inspection of methanol 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 MA 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 40** 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 take samples in the presence of the pick-up person before the commodity is loaded onto the pick-up person’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.

**Article 41** 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 quality 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 42** 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 MA 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 43** 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 44** 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 45** 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 Bonded Standard Warehouse Receipts**

**Section 1 Creation**

**Article 46** Bonded standard warehouse receipts are created in accordance with the Exchange’s rules for duty-paid standard warehouse receipts. The registrant shall additionally provide the document of title, certificate of inspection, and other customs documentations.

**Article 47** Bonded standard warehouse receipts for methanol may be transferred or used in delivery, EFP, load-out, as margin, and for any other purposes prescribed by the Exchange.

**Section 2 Delivery and Transfer**

**Article 48** Unless otherwise provided by these *Rules*, the settlement procedures, issuance and receipt of VAT invoices, and the determination and handling of the buyer’s or seller’s default in a Bonded Delivery of methanol are governed by the *Futures Delivery Rules of Zhengzhou Commodity Exchange*.

**Article 49** Upon the delivery matching of bonded standard warehouse receipts for methanol, the seller’s bonded standard warehouse receipts will be frozen and the corresponding margin will not be immediately released.

**Article 50** Before 9:00 a.m. on the Third Delivery Day, a buying Member shall have fully paid any remaining delivery payment calculated based on the bonded final settlement price.

The delivery payment for bonded standard warehouse receipts is calculated based on the delivery quantity, bonded final settlement price, and bonded premiums and discounts. Specifically, delivery payment for bonded standard warehouse receipts = (bonded final settlement price + bonded premiums and discounts) × bonded delivery quantity; where bonded final settlement price = [(tax-included final settlement price – relevant expenses) / (1 + import VAT rate) – consumption tax] / (1 + import duty rate), bonded premiums and discounts = [premiums and discounts / (1 + import VAT rate)] / (1 + import duty rate).

In the above formulas, the consumption tax is based on weight and the import duty is based on price; the premiums and discounts and the relevant expenses will be separately announced by the Exchange.

The bonded final settlement price is published by the Exchange after market close on the matching day in the delivery month. Upon any change in national tax policies, the Exchange may adjust the formula for the bonded final settlement price and publish the updated formula at an appropriate time.

**Article 51** Following market close on the Third Delivery Day, the Exchange will issue to each seller the Bonded Final Settlement Statement and Statement of Bonded Standard Warehouse Receipt Holdings needed for customs declaration. The Bonded Final Settlement Statement will state the names of the buyer and seller, names of the buying Member and selling Member, the delivery warehouse, actual quantity settled, the bonded final settlement price, and bonded premiums and discounts.

A seller shall initiate and complete the customs declaration procedures with the Bonded Final Settlement Statement and Statement of Bonded Standard Warehouse Receipt Holdings within the customs declaration window, i.e., seven (7) trading days starting on the day after the Third Delivery Day, or be deemed to have committed a delivery default. The transaction price to be declared shall be the bonded final settlement price indicated on the Bonded Final Settlement Statement plus any bonded premiums and discounts.

Upon completing the customs declaration procedures, the seller shall submit the customs declaration forms and other documentations to the Exchange, which will, following review, convert the bonded standard warehouse receipts into duty-paid standard warehouse receipts and handle the transfer of delivery payment and standard warehouse receipts.

Where customs declaration is delayed due to the customs authority or other policy reasons, the transfer of delivery payment and standard warehouse receipts will be postponed accordingly and the delay will not be deemed as a delivery default.

**Article 52** A seller shall issue a special VAT invoice to the buyer within seven (7) trading days following the end of the customs declaration windows. If the delivery of the special VAT invoice is delayed for one (1) to ten (10) calendar days, the seller shall pay a late fee at 0.5‰ of the delivery payment, calculated based on the final settlement price, for each day of delay. If such delivery is delayed for over ten (10) calendar days, the seller is deemed to have refused to deliver the special VAT invoice and shall pay a default penalty in accordance with the *Futures Delivery Rules of Zhengzhou Commodity Exchange*.

The seller is not liable to pay for the late fee or default penalty if the delivery of special VAT invoice is delayed due to the customs authority or other policy reasons.

**Article 53** With respect to any ownership transfer of bonded standard warehouse receipts of methanol not conducted through delivery matching, the Exchange will not issue the Bonded Final Settlement Statement and the settlement of delivery payment and the issuance and receipt of the VAT invoice and other documentations shall be handled by the relevant Members or clients themselves. The duty-paid price for the methanol covered by the bonded standard warehouse receipts will be reviewed by the customs authority in accordance with applicable regulations.

**Section 3 EFP**

**Article 54** With respect to any EFP with bonded standard warehouse receipts for methanol, the Exchange will not issue the Bonded Final Settlement Statement and the settlement of delivery payment and the issuance and receipt of the VAT invoice and other documentations shall be handled by the relevant Members or clients themselves.

**Article 55** EFP with bonded standard warehouse receipts for methanol shall be conducted in accordance with the *Futures Delivery Rules of Zhengzhou Commodity Exchange*.

**Section 4 Margin Collateral and Margin Set-Off**

**Article 56** Bonded standard warehouse receipts for methanol may be posted as margin. The Exchange calculates the benchmark value of the bonded standard warehouse receipts based on the settlement price of the nearby MA contract for the trading day preceding the application day less the import VAT, import consumption tax, and import duty.

**Article 57** The procedures for posting of bonded standard warehouse receipts for methanol as margin are governed by the *Futures Clearing Rules of Zhengzhou Commodity Exchange*.

**Article 58** The procedures for margin set-off with bonded standard warehouse receipts for methanol are identical to the procedures for margin set-off with duty-paid standard warehouse receipts and are specifically governed by the *Futures Clearing Rules of Zhengzhou Commodity Exchange*.

**Section 5 Cancellation and Load-Out**

**Article 59** In addition to the provisions of these *Rules*, the cancellation of bonded standard warehouse receipts for methanol and load-out of methanol are also governed by the *Rules of Zhengzhou Commodity Exchange on Standard Warehouse Receipts*.

**Article 60** When undergoing the load-out procedures following the cancellation of bonded standard warehouse receipts for methanol, the pick-up person shall provide the customs clearance documents in addition to its ID card, certificate of identity and authority issued by his employer, and the verification code for the Pick-up Notice.

**Article 61** Upon the cancellation of bonded standard warehouse receipts and the completion of customs declaration and tax payment procedures, the methanol covered by the bonded standard warehouse receipts may be used to register duty-paid standard warehouse receipts.

**Chapter 5 Risk Management**

**Article 62** MA contract has a minimum Trading Margin rate of 5% of contract value.

The Trading Margin rate of MA contract varies as follows:

|  |  |
| --- | --- |
| **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 63** MA contract has a price limit of ±4% of the settlement price of the preceding trading day.

**Article 64** The position limit of a particular MA contract varies as follows:

|  |  |  |
| --- | --- | --- |
| **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 | Open interest < 300,000 | 30,000 |
| Open interest ≥ 300,000 | 10% of open interest |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 3,000 | |
| Delivery month | 1,000  (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 65** Where the Exchange adjusts the Trading Margin rate or price limit of MA contract in accordance with the *Risk Control Rules of Zhengzhou Commodity Exchange* or other rules, such adjusted values shall prevail.

**Chapter 6 Ancillary Provisions**

**Article 66** 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 67** Any matter not covered by these *Detailed Rules* is governed by the relevant Rules of the Exchange.

**Article 68** The Exchange reserves the right to interpret these *Detailed Rules*.

**Article 69** 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.)