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

**Chapter 1 General Provisions**

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

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

**Chapter 2 Trading**

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

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

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

**Article 6** RS contract has the following delivery months: July, August, September, November.

**Article 7** RS 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** RS 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 RS 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 RS contract based on market conditions, the specifics of which will be separately announced by the Exchange.

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

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

**Chapter 3 Delivery**

**Section 1 General Rules**

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

Rolling Delivery for RS 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** RS contract has a delivery unit of 10 metric tons.

**Article 13** RS contract has the following Last Delivery Day: the 13th trading day of the delivery month for delivery with standard warehouse receipts, and the 20th day of the month following the delivery month for Board Delivery.

**Article 14** The standard warehouse receipts for RS are all standard delivery warehouse receipts.

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

**Article 15** Requests to register standard warehouse receipts for RS are accepted starting from June 1 in a given year; the standard warehouse receipts thus created are valid till the last business day (inclusive) in November of the same year.

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

**Article 17** The delivery warehouses and Board Delivery service providers for RS 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 PTA futures is the tax-included price (including packaging fees) at which the benchmark deliverable is delivered at a benchmark Board Delivery service provider, or through a load-out from a benchmark delivery warehouse, onto a truck.

**Article 19** The registrant of a standard warehouse receipt for RS shall bear all the expenses incurred before the commodity is transported to the designated storage location 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.

In a Board Delivery of RS, the seller shall bear all the expenses incurred before the commodity is loaded onto the truck at the Board Delivery service provider or another delivery point agreed to by the parties; the buyer shall bear all the expenses incurred thereafter. Where the buyer agrees to pick up the commodity at the warehouse or the seller agrees to deliver the commodity to the buyer, the parties may agree on the freight expenses they each bear in accordance with their respective distance to the Board Delivery service provider.

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 sugar 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 RS 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 RS is governed by national standards and these *Detailed Rules*.

**Article 23** The benchmark deliverable is rapeseed with oil content ≥ 38.0%, moisture content ≤ 9.0%, foreign materials ≤ 3.0%, heat-damaged kernel ≤ 2.0%, moldy kernel ≤ 2.0%, and normal color and aroma. The foregoing oil content is expressed on an 8% moisture basis.

The definition of quality indicators, requirements on food safety indicators, and testing methods are governed by *National Standard of the People’s Republic of China “Rapeseed”* (GB/T 11762-2006).

**Article 24** The substitute deliverables and their premiums and discounts are as follows:

(1)A 70 yuan/metric ton premium applies for every 1% oil content greater than 38.0% (no premium for difference less than 1%), subject to a cap at 42.0%; a 70 yuan/metric ton discount applies for every 1% oil content less than 38.0%, with delivery not permitted for oil content less than 35%.

(2)A 30 yuan/metric ton premium applies for every 0.5% foreign materials less than 3.0% (no premium for difference less than 0.5%), subject to a floor at 2.0%; a 30 yuan/metric ton discount applies for every 0.5% foreign materials greater than 3.0% (no discount for difference less than 0.5%). Rapeseed with foreign materials greater than 3.0% may not be delivered against standard warehouse receipts. Rapeseed with foreign materials greater than 4.0% may not be delivered through Board Delivery.

(3)Rapeseed with moisture content greater than 9.0% may not be delivered against standard warehouse receipts. In a Board Delivery, a 30 yuan/metric ton discount applies for every 0.5% moisture content greater than 9.0% (no discount for difference less than 0.5%). Moisture content greater than 12.0% may not be delivered.

**Article 25** Rapeseed shall be delivered in woven polypropylene bags. Each bag shall measure 1,100-1,250 mm in length and 650-750 mm in width and sealed with a sealing machine, and contain no less than 60 kg of rapeseed. The woven polypropylene bag shall be clean, strong, and breathable, free of holes, leakage, toxic materials, and mildew.

The packaging specifications shall be consistent for each shipment of rapeseed delivered by the same client.

**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 RS.

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

**Article 28** A delivery warehouse conducts weight inspection on rapeseed at load-in. The weight inspection is conducted with the vehicle driving over a truck scale at the delivery warehouse.

**Article 29** The load-in quality inspection of rapeseed is to be conducted by the delivery warehouse, who may entrust the inspection partially or wholly to a Designated Quality Inspection Agency. The inspection fees shall be borne by the delivery warehouse. Samples for a load-in inspection shall be taken by the delivery warehouse before unloading. Each sample shall be immediately partitioned into two parts of 1 kg each. One part shall be selected at random by the delivery warehouse for inspection; the other shall be signed and sealed by both the delivery warehouse and the registrant of the standard warehouse receipt, and securely kept by the delivery warehouse.

The delivery warehouse shall issue the results of inspection within twenty-four (24) hours of completion of sampling for each shipment, and notify the registrant in a timely manner.

Any registrant 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** In the event that the rapeseed at load-in falls short of the standards for delivery, the delivery warehouse may provide sorting services with the approval of the registrant.

**Article 31** The registrant of standard warehouse receipts shall be present at the weight inspection and load-in sampling of rapeseed 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; and the storehouse and stack location, which information shall be confirmed by the registrant with signature.

**Article 32** Rapeseed is stored in piles upon load-in. The rapeseed loaded in by different registrants may not be commingled.

**Article 33** Upon the cancellation of a standard delivery warehouse receipt for rapeseed, 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 34** The load-out weight inspection of rapeseed 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 (moisture content excluded) shall be made up by the delivery warehouse to the specified load-out weight 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 RS 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 rapeseed 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 36** Rapeseed with 0.5 percentage points lower oil content at load-out compared with load-in is deemed deliverable.

**Section 4 Board Delivery**

**Article 37** A seller shall, at the time of submitting the delivery request for a Board Delivery, also provide information on the commodity it intends to deliver, including but not limited to product type, grade, quantity, year of production, Board Delivery service provider, and storage point.

**Article 38** 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 39** The buyer of RS contract is entitled to pick up the commodity at either the seller’s storage location or at the Board Delivery service provider. If the buyer and the seller have agreed on a delivery location, such delivery location is in effect; otherwise, the buyer may specify a Board Delivery service provider in the Board Delivery Confirmation Form and the seller shall make delivery in accordance with the buyer’s instructions.

**Article 40** In a delivery at a Board Delivery service provider, the buyer and the seller shall, within three (3) business days after both have confirmed the Board Delivery Confirmation Form, contact the Board Delivery service provider to sign the transit agreement and make arrangements for the delivery.

The buyer and the seller shall start making and taking delivery within three (3) calendar days from the execution date (inclusive) of the transit agreement. The seller shall deliver the commodity to the Board Delivery service provider in accordance with the schedule and shipment speed agreed upon. The buyer shall complete quality inspection within twenty-four (24) hours of the commodity’s arrival and load and ship the commodity out within twenty-four (24) hours after it passes the quality inspection. In a large delivery, the seller may make delivery in multiple shipments and the buyer may inspect and transship the commodity accordingly. Unless otherwise agreed between the parties, the seller’s daily shipment volume shall be no less than 300 metric tons/day. The seller is not liable for the quality of any shipment of commodity that, for reasons attributable to the buyer, cannot be loaded for shipment by the buyer within the prescribed time limit.

**Article 41** In a delivery at the seller’s storage location, the parties may seal the inspected commodity or the warehouse that stores it with lock, seal, or other method they have agreed upon. Where during the course of storage the seller needs to open the warehouse for ventilation or turning, the buyer shall arrive at the warehouse within twenty-four (24) hours of receiving the seller’s notice and cooperate. The seller is responsible for the safekeeping of any commodity awaiting shipment. If any commodity awaiting shipment becomes affected by moisture or mold due to mismanagement, the buyer is entitled to demand a re-sampling or re-inspection which the seller may not refuse.

**Article 42** The storage facility at a seller’s storage location shall meet the following criteria:

(1)being conveniently located and accessible by trucks with a payload capacity of 30 metric tons;

(2)having well-functioning measuring facilities, and a scale that is certified by a nationally accredited technical supervision organization and within the validity period of the certification, and supports a maximum capacity of no lower than 60 metric tons;

(3)having a large fulfillment capacity and a daily shipment volume of no less than 300 metric tons/day, unless otherwise agreed by the parties; and

(4)having the quality inspection and testing equipment that is needed by futures deliverables, meets the testing provisions under national standards, and is in good working conditions.

The seller is liable for the consequences arising from the storage facility’s non-compliance with the above criteria.

**Article 43** The buyer shall conduct an on-site inspection on the quality of the commodity before loading and shipment and the seller shall cooperate. The parties shall jointly take a sample in accordance with national standards, immediately divide the sample into two parts, and select one at random for joint testing either on-site or at another location they have agreed to. The remaining part shall be signed and sealed by both parties as the sample for re-inspection when a quality dispute arises.

Where multiple inspections have been conducted for a series of shipments, the final quality is based on the average result of inspections weighted by the quantity in each shipment.

Upon the acceptance of quality, the parties shall sign a Quality Acceptance Form as the basis for determining the quality and premiums/discounts of the commodity delivered.

**Article 44** Any dispute between a buyer and a seller over quality shall be resolved through negotiation first; failing which, they shall notify the Exchange in a timely manner. The parties shall jointly mail the sample for re-inspection to a Designated Quality Inspection Agency or another quality inspection agency they choose. The quality of the commodity is determined by the results of re-inspection. The mailing cost and re-inspection fees are jointly borne by the parties.

**Article 45** A seller shall promptly replace any commodity awaiting shipment that does not meet the standards of delivery. If replacement is infeasible, the parties may jointly determine a solution; failing which, the situation will be handled in accordance with the “Handling of Delivery Defaults” section under the *Futures Delivery Rules of Zhengzhou Commodity Exchange*.

**Article 46** A buyer shall be present at the shipment of commodity to inspect the commodity and monitor the loading and transport process; the seller shall assign sufficient manpower and equipment to ensure a smooth shipping process. The weight inspection shall be conducted with a truck scale at the shipping location or by another measuring method acceptable to both parties.

Upon completion of the shipping stage, the weight of the commodity shipped is determined by the verified aggregate number on the weight note signed daily by the parties. The parties shall then sign the Weight Acceptance Form 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 47** Where delivery is delayed because the buyer and seller fail to make and take delivery in accordance with the previously agreed shipment time and speed, they shall jointly determine a solution; 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[5 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.

**Chapter 4 Risk Management**

**Article 48** RS contract has a minimum Trading Margin rate of 5% of contract value.

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

**Article 50** The position limit of a particular RS 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 | 10,000 |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 1,000 |
| Delivery month | 500  (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 RS 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.)