**Detailed Rules of Zhengzhou Commodity Exchange for Late Long-Grain Nonglutinous Paddy Futures**

**Chapter 1 General Provisions**

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

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

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

**Article 6** LR contract has the following delivery months: January, March, May, July, September, November.

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

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

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

**Chapter 3 Delivery**

**Section 1 General Rules**

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

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

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

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

**Article 15** Standard warehouse receipts for LR registered on or after October 1 of a given year are valid till the last business day (inclusive) in September of the next year.

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

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

**Article 18** The premium or discount for substitute deliverable and for a delivery warehouse or factory warehouse for LR is 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 LR is the tax-included price (excluding packaging fees) at which the benchmark deliverable is delivered at a benchmark delivery warehouse as a bulk product.

**Article 20** The registrant of a standard warehouse receipt for LR shall bear all the expenses incurred before the commodity is transported to the designated storage location in the delivery warehouse; the pick-up person shall bear all the expenses arising from moving the commodity from the designated storage location onto the truck, railcar, or ship.

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** Late long-grain nonglutinous paddy is received, stored, and shipped in bulk. Any buyer that needs packaging shall do so itself or through a third party and solely bear the cost of the packaging materials and services.

**Article 22** Any matter in relation to the creation, negotiation, and cancellation of standard warehouse receipts for LR 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 late long-grain nonglutinous paddy (including regular long-grain nonglutinous paddy here and hereinafter) is governed by national standards, the relevant national regulations, and these *Detailed Rules*.

**Article 24** The benchmark deliverable is late long-grain nonglutinous paddy meeting the quality standard for “Grade 3” or above under *National Standard of the People’s Republic of China “Paddy”* (GB 1350-2009), with head rice yield ≥ 52%, moisture content ≤ 14.5%, husked rice in paddy ≤ 4%, chalkiness ≤ 2%, kernel length-to-width ratio ≥ 3.1, kernel length ≥ 5.6 mm, and percentage of other varieties ≤ 7%.

**Article 25** The substitute deliverables and their premiums and discounts are as follows:

(1)At load-in: If moisture content (MC) ≤ 14.5%, load-in is at full weight without weight penalty. Commodity loaded in from October 1 (inclusive) of a given year to March 31 (inclusive) of the following year shall have a moisture content (MC) no higher than 15.5%; if 14.5% < MC ≤ 15.5%, load-in is at a 0.2% weight penalty for every 0.1% above 14.5%. Commodity loaded in at other times shall have an MC no higher than 14.5%. At load-out: If MC ≤ 14.5%, load-out is at full weight without weight penalty. If MC > 14.5%, load-out requires a 0.2% weight compensation for every 0.1% above 14.5%, to be made up by the delivery warehouse. This item only applies to delivery at delivery warehouses and factory warehouses in the major producing areas of Jiangxi, Hunan, Hubei, and Anhui.

(2)If 1.0% < extraneous matter ≤ 1.5%, load-in is at a 0.5% weight penalty and load-out requires a 0.5% weight compensation. If 1.5% < extraneous matter ≤ 2.0%, load-in is at a 1.0% weight penalty and load-out requires a 1.0% weight compensation.

(3)2.8 ≤ kernel length-to-width ratio < 3.1 may be used as a substitute deliverable, the premiums and discounts for which will be separately announced by the Exchange.

**Article 26** The fatty acid value and yellow kernel percentage at load-in and load-out shall meet the following standards:

(1)Commodity loaded out from October 1 (inclusive) of a given year to March 31 (inclusive) of the following year shall have a fatty acid value no greater than 17 mg/100g (dry basis) and a yellow kernel percentage no greater than 0.3%. Commodity loaded out at other times shall have a fatty acid value no greater than 19 mg/100g (dry basis) and a yellow kernel percentage no greater than 0.5%.

(2)Commodity loaded out from October 1 (inclusive) of a given year to March 31 (inclusive) of the following year shall have a fatty acid value no greater than 20 mg/100g (dry basis) and a yellow kernel percentage no greater than 0.5%. Commodity loaded out at other times shall have a fatty acid value no greater than 24 mg/100g (dry basis) and a yellow kernel percentage no greater than 0.7%.

(3)For load-out of late long-grain nonglutinous paddy from a factory warehouse, the requirements on fatty acid value and yellow kernel percentage are identical to those for load-in for the corresponding period.

**Article 27** The testing of chalkiness and percentage of other varieties is governed by *National Standard of the People’s Republic of China “High Quality Paddy”* (GB/T 17891-2017). The testing of kernel length and length-to-width ratio is governed by *Grain Industry Standard of the People’s Republic of China* *“Classification and Judgement of Rice in Grain Shape”* (LS/T 6116-2017). The testing of fatty acid value is governed by *National Standard of the People’s Republic of China “Guidelines for Evaluation of Paddy Storage Character”* (GB/T 20569-2006).

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

**Article 28** 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 LR.

**Article 29** The Load-in Notice issued by an LR delivery warehouse is valid for forty (40) calendar days.

**Article 30** A delivery warehouse conducts weight inspection on late long-grain nonglutinous paddy at load-in. The weight inspection is conducted with the vehicle driving over a truck scale at the delivery warehouse.

**Article 31** The load-in quality inspection of late long-grain nonglutinous paddy is organized by the delivery warehouse. Samples for the load-in inspection are taken by the delivery warehouse before unloading. No standard warehouse receipt shall be registered for any commodity found during the inspection to be incompliant with the standards for delivery. A delivery warehouse may entrust the inspection partially or wholly to a Designated Quality Inspection Agency. The inspection fees shall be borne 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 32** The food safety inspection of late long-grain nonglutinous paddy is governed by the relevant national standards and regulations, the cost of which shall be borne by the registrant of the standard warehouse receipts.

**Article 33** In the event that the late long-grain nonglutinous paddy at load-in falls short of the standards for delivery, the delivery warehouse may provide sorting services with the approval of the registrant.

**Article 34** The registrant of standard warehouse receipts shall be present at the weight inspection and load-in sampling of late long-grain nonglutinous paddy 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 35** Upon the cancellation of a standard delivery warehouse receipt for late long-grain nonglutinous paddy, 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 36** The load-out weight inspection of late long-grain nonglutinous paddy 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 LR contract in the nearby month up to and including the date the Pick-up Notice is issued.

**Article 37** Any pick-up person that objects to the quality of the late long-grain nonglutinous paddy 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 38** The maximum number of standard warehouse receipts registerable by an LR factory warehouse is determined by, and subject to the adjustment of, the Exchange.

A factory warehouse for late long-grain nonglutinous paddy 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 late long-grain nonglutinous paddy, 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 late long-grain nonglutinous paddy 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 LR 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 load-out, the factory warehouse shall take samples jointly with the pick-up person and only ship the commodity if the pick-up person does not object to the results of inspection. Where the actual quality indicators of the commodity to be loaded out are inconsistent with those noted on the standard warehouse receipts but are still within the quality tolerance range permitted by the Exchange, the pick-up person shall accept the commodity and any premiums or discounts arising from the difference in quality shall be settled by the factory warehouse and pick-up person in accordance with the premium and discount values prescribed by the Exchange.

**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. The request for re-inspection shall be submitted before load-out. The commodities to be re-inspected are those whose quality is challenged by the requester. 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 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 LR 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 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 48** LR contract has a minimum Trading Margin rate of 5% of contract value.

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

**Article 50** The position limit of a particular LR 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 | 20,000 |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 3,000 |
| 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 LR 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.)