**Detailed Rules of Zhengzhou Commodity Exchange for Peanut Kernel Futures**

**Chapter 1 General Provisions**

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

**Article 2** The Exchange, Members, overseas brokers, clients, factory 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** PK contract has a contract size of 5 metric tons/lot.

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

**Article 5** PK contract has a minimum price fluctuation of 2 yuan/metric ton.

**Article 6** PK contract has the following delivery months: January, March, April, October, November, December.

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

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

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

**Chapter 3** **Delivery**

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

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

Rolling Delivery for PK may be conducted through either Response Matching or Organized 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** PK contract has a delivery unit of 5 metric tons.

**Article 13** PK contract has the following Last Delivery Day: the 13th trading day of the delivery month for delivery with standard warehouse receipts, and the 10th day of the month following the delivery month for Board Delivery.

**Article 14** The standard warehouse receipts for PK are all standard factory warehouse receipts.

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

**Article 15** The standard warehouse receipts for peanut registered on or before the 15th trading day of January or April of each year shall be cancelled on or before the 15th trading day of January or April of the same year.

The Exchange does not accept any request to register standard warehouse receipts for peanut between the 16th trading day of April and the last trading day of August of each year.

**Article 16** Delivery of PK shall be made against a special VAT invoice or VAT invoice for agricultural products.

**Article 17** The factory warehouses and Board Delivery service providers for PK 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 factory warehouse for PK 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 factory warehouse. The 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 PK is the tax-included price (including packaging fees) at which the benchmark deliverable is delivered at a benchmark delivery point onto a truck.

**Article 20** All expenses incurred before the commodity covered by the standard warehouse receipts for PK is loaded onto trucks shall be borne by the factory warehouse; all expenses incurred thereafter shall be borne by the pick-up person.

In a Board Delivery of PK, the seller shall bear all the expenses (excluding packaging fees) 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 21** The cost of packaging materials for peanut 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 PK 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 PK is governed by national standards, the relevant national regulations, and these *Detailed Rules*.

**Article 24** The benchmark deliverable is peanut kernel with 45.0% ≤ oil content (measured on a wet basis here and hereinafter) < 46.0%, acid value (measured on fat here and hereinafter) ≤1.5 mg KOH/g, foreign materials ≤ 1.0%, moisture content ≤ 9.0%, moldy kernel ≤ 1.0%, retention ratio with 7 mm slotted plate sieve (top) ≥ 60.0%, passage ratio with 5.5 mm slotted plate sieve (bottom) ≤ 20.0%, and normal color and aroma.

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

(1) 43.0% ≤ oil content (OC) < 44.0% at a discount of RMB 200 yuan/metric ton; 44.0% ≤ OC < 45.0% at a premium of RMB 100 yuan/metric ton; 46.0% ≤ OC < 47.0% at a premium of RMB 100 yuan/metric ton; OC ≥ 47.0% at a premium of RMB 200 yuan/metric ton.

(2) 1.5 mg KOH/g < acid value ≤ 2.0 mg KOH/g at a discount of RMB 200 yuan/metric ton; 2.0 mg KOH/g < acid value ≤ 2.5 mg KOH/g at a discount of RMB 500 yuan/metric ton.

(3) A weight penalty of 0.5% for 1.0% < moldy kernel ≤ 1.5%; of 1.5% for 1.5% < moldy kernel ≤ 2.0%.

**Article 26** The terminologies and their definitions as well as the requirements on food safety indicators and testing methods for peanut are governed by *National Standard of the People’s Republic of China “Peanuts”* (GB/T 1532-2008), *Agricultural Industry Standard of the People’s Republic of China “Peanuts for Oil”* (NY/T 1068-2006), *National Standard of the People’s Republic of China “Round and Elongated Apertures with Round and Square Plate Screens”* (GB/T 12620-2008), and other related normative references.

**Article 27** Peanut shall be packaged in woven polypropylene bags. The bags shall be strong, clean, dry, and sealed with a sealing machine, and shall not spill or contaminate the peanuts. Each bag shall contain 50 ± 2 kg of peanuts and weighs no more than 125 g itself.

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

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

**Article 28** The maximum number of standard warehouse receipts registerable by a PK factory warehouse is determined by, and subject to the adjustment of, the Exchange.

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

**Article 29** The standard factory warehouse receipts for peanut are registered at the benchmark deliverable grade.

**Article 30** Upon the cancellation of a standard factory warehouse receipt for peanut, 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 31** 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 32** The load-out weight inspection of peanuts 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 factory warehouse shall compensate the pick-up person for the price of the missing commodity based on the highest final settlement price of the PK 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 33** 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 present to the pick-up person the Certificate of Quality showing conformance with the standards for delivery. The pick-up person may verify the quality of the commodity on-site, in which case the factory warehouse shall provide cooperation. The quality indicators specified on the Certificate of Quality are the basis for the settlement of premiums and discounts by and between the parties; the corresponding special VAT invoice shall be issued by the factory warehouse to the pick-up person. The samples for quality inspection shall be jointly taken by the parties in accordance with the relevant national standards and the rules of the Exchange. A sample shall be immediately divided into two parts. One shall be selected at random for use by the buyer. The other shall be signed and sealed by both parties, and kept by the factory warehouse as the sample for re-inspection when a quality dispute arises.

**Article 34** 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. Only the previously retained samples may be used for re-inspection. The commodities to be re-inspected are those whose quality is challenged by the requester.

**Article 35** In a re-inspection of peanuts, where the tested acid value or moldy kernel percentage is at a discount/premium level lower than or equal to the one indicated in the Certificate of Quality, or where the tested oil content is at a discount/premium level equal to or higher than the one indicated in the Certificate of Quality, the acid value, moldy kernel percentage, or oil content as indicated in the Quality of Certificate shall be conclusive and the re-inspection fee and other relevant fees shall be borne by the pick-up person.

Where the tested acid value or moldy kernel percentage is at a discount/premium level higher than the one indicated in the Certificate of Quality, or where the tested oil content is at a discount/premium level lower than the one indicated in the Certificate of Quality, discount/premium level as established by the results of re-inspection shall be conclusive. Where the results of inspection are within the permissible range for delivery, the pick-up person shall accept the commodity; the factory warehouse shall bear the re-inspection fee and other relevant fees, and additionally compensate the pick-up person in accordance with the premiums and discounts established by the Exchange.

Any matter relating to the load-out re-inspection of factory-warehouse peanuts not covered by these *Detailed Rules* 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 36** 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[30 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 PK 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 37** 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 38** 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 39** 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.

**Section 4** **Board Delivery**

**Article 40** Board Delivery of peanuts requires the submission of delivery intention.

The delivery intention of the seller in Board Delivery shall be handled by the its carrying Member. The Member shall fill out a Board Delivery Intention (PK) and submit it to the Board Delivery service provider via the member service system. The Board Delivery Intention (PK) shall specify such information as the name of the Board Delivery service provider and quantity of the commodity.

The Exchange may require any seller that submits a large delivery intention to furnish proof of ownership of physicals.

A Board Delivery service provider will accept delivery intentions starting from the 13th trading day of the month before the delivery month. The Board Delivery service provider shall, within two (2) business days of the day (inclusive) it receives the Board Delivery Intention (PK), notify the Member via the member service system of the quantity it is able to receive. The Member shall, within two (2) business days of the day (inclusive) it receives the load-in approval from the Board Delivery service provider, pay it a load-in deposit of RMB 30 yuan/metric ton. The Board Delivery service provider shall issue the Board Delivery Load-in Notice (PK) to the selling Member in one (1) business day of the day (inclusive) it receives the load-in deposit, upon which the delivery intention phase is completed. The Member shall then inform its client of the results in a timely manner.

Submission of delivery intention is still required for any Board Delivery commodity already stored at the Board Delivery service provider, without the need for load-in deposit.

The seller in Board Delivery shall pay the various fees to the Board Delivery service provider in accordance with the rules of the Exchange and, before shipping the commodity, notify it of the means of transport, truck or ship number, quantity, and time of arrival.

**Article 41** A seller in a Board Delivery shall, at the time of submitting the delivery request, also provide information on the commodity it intends to deliver, including but not limited to oil content, acid value, moldy kernel percentage, name of the Board Delivery service provider, and quantity of commodity.

A seller participating in a Rolling Delivery shall complete the submission and approval of delivery intention with the corresponding Board Delivery service provider before submitting the delivery request; a seller participating in a Centralized Delivery shall do so on or before the Last Trading Day.

The Board Delivery quantity of a single client at a single Board Delivery service provider shall not exceed the quantity stated on the client’s delivery intention submitted to that Board Delivery service provider.

**Article 42** A Board Delivery Load-in Notice (PK) is valid from the day it is issued to the 11th trading day of the nearby month.

**Article 43** In an Exchange-settled Board Delivery of PK, the load-in deposit will be refunded within two (2) business days of the arrival of the full shipment of commodity at the Board Delivery service provider that has accepted the delivery intention, will be refunded proportionately if only a portion of the commodity actually arrived, and will not be refunded if it does not arrive. In a non-Exchange-settled Board Delivery, the load-in deposit will be returned within two (2) business days of the signing of the Board Delivery Agreement by the parties.

**Article 44** 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 45** An Exchange-settlement Board Delivery of PK shall take place at a Board Delivery service provider. Where settlement is not performed by the Exchange, the buyer and the seller may conduct delivery at the location specified in the agreement they have reached.

**Article 46** A buyer and a seller shall make and take delivery of peanuts within three (3) calendar days from the date (exclusive) the Board Delivery Agreement is signed. The parties are deemed to have failed to complete delivery within the prescribed time limit if the seller fails to ship the commodity to the Board Delivery service provider before 1:30 p.m. on the 3rd calendar day or the buyer fails to arrive at the Board Delivery service provider on time to monitor the delivery process. In this case, the Board Delivery service provider will set a new delivery date based on its service capacity and notify the parties accordingly. If the current day’s delivery volume has exceeded the Board Delivery service provider’s service capacity, the Board Delivery service provider may postpone the delivery time and notify the parties accordingly.

**Article 47** A buyer shall complete quality inspection of the commodity within three (3) calendar days of the day (exclusive) the seller’s commodity arrives at the Board Delivery service provider, and load and ship the commodity out within twenty-four (24) hours after completing the quality inspection. The samples for quality inspection shall be jointly taken by the parties in accordance with the relevant national standards and the rules of the Exchange. A sample shall be immediately divided into two parts. One shall be selected at random for use by the buyer. The other shall be signed and sealed by both parties, and kept by the Board Delivery service provider as the sample for re-inspection when a quality dispute arises. 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.

Where the commodity is inspected by shipment, the final quality is determined individually for each shipment by the results of each inspection.

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 48** Any dispute between a buyer and a seller over quality shall be resolved through negotiation first; failing which, they shall submit to the Exchange a re-inspection request while the commodity is still at the Board Delivery service provider, and specify the quality indicators to be checked.

The re-inspection agency shall be jointly determined by the parties among the list of Designated Quality Inspection Agencies or, if no agreement can be reached, be designated by the Exchange. Only the previously retained samples may be used for re-inspection. The re-inspection agency shall issue the results of re-inspection within three (3) business days from the date (exclusive) it receives the samples. The results of re-inspection will serve as the basis for dispute resolution.

**Article 49** 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 50** In a re-inspection of peanuts, where the tested acid value or moldy kernel percentage is at a discount/premium level lower than or equal to the one indicated by the information previously disclosed for this Board Delivery, or where the tested oil content is at a discount/premium level equal to or higher than the one indicated by such information, the acid value, moldy kernel percentage, or oil content as previously disclosed for this Board Delivery shall be conclusive and the re-inspection fee and other relevant fees shall be borne by the party that has requested for the re-inspection.

Where the tested acid value or moldy kernel percentage is at a discount/premium level higher than the one indicated by the information previously disclosed for this Board Delivery, or where the tested oil content is at a discount/premium level lower than the one indicated by such information, discount/premium level as established by the results of re-inspection shall be conclusive. Where the results of inspection are within the permissible range for delivery, the buyer shall accept the commodity; the seller shall bear the re-inspection fee and other relevant fees, and additionally compensate the buyer in accordance with the premiums and discounts established by the Exchange.

In addition to the circumstances specified in the paragraph 2 of this Article, the re-inspection fee and other relevant fees shall be borne by the party that has requested for the re-inspection if the results of re-inspection show conformance with the standards of delivery, and by the seller if otherwise.

The fees for mailing the samples and for the re-inspection shall be paid, by way of the Board Delivery service provider, within two (2) business days from the date (exclusive) the results of re-inspection are issued.

**Article 51** 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 52** Where delivery is delayed because the buyer and seller fail to make and take delivery in accordance with the previously agreed schedule, 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[30 yuan/metric ton/day × days delayed × commodity quantity yet to be shipped or picked up]. The total late fee shall not exceed 20% of the contract value as calculated by the final settlement price for the corresponding shipment of commodities.

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 53** PK contract has a minimum Trading Margin rate of 5% of contract value.

The trading margin rate of PK 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 54** PK contract has a price limit of ±4% of the settlement price of the preceding trading day.

**Article 55** The position limit of a particular PK 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 | 5,000 |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 500 |
| Delivery month | 200  (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 56** Where the Exchange adjusts the Trading Margin rate or price limit of PK 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 57** 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 58** Any matter not covered by these *Detailed Rules* is governed by the relevant Rules of the Exchange.

**Article 59** The Exchange reserves the right to interpret these *Detailed Rules*.

**Article 60** 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.)