**Detailed Rules of Zhengzhou Commodity Exchange for Strong Gluten Wheat Futures**

**Chapter 1 General Provisions**

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

**Article 2** The Exchange, Members, clients, 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** WH contract has a contract size of 20 metric tons/lot.

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

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

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

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

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

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

**Chapter 3 Delivery**

**Section 1 General Rules**

**Article 11** WH may be delivered by Board Delivery.

Rolling Delivery for WH is conducted through Response Matching.

The specific delivery procedures are governed by the applicable provisions of the *Futures Delivery Rules of Zhengzhou Commodity Exchange* andthese *Detailed Rules*.

**Article 12** WH contract has a delivery unit of 20 metric tons.

**Article 13** WH contract has the following Last Delivery Day for Board Delivery: the 20th day of the month following the delivery month.

**Article 14** Delivery of WH shall be made against a special VAT invoice.

**Article 15** The Board Delivery service providers and relevant premiums and discounts for WH are determined and published by, and subject to the adjustment of, the Exchange.

**Article 16** The benchmark delivery price of WH is the tax-included price (excluding packaging fees) at which the benchmark deliverable is delivered at a benchmark Board Delivery service provider.

**Article 17** All the expenses incurred before the quality of the strong gluten wheat is determined are borne by the seller; all the expenses incurred thereafter are borne by the buyer.

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 18** Strong gluten wheat 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.

**Section 2 Delivery Standard**

**Article 19** The delivery of WH is governed by national standards, the relevant national regulations, and these *Detailed Rules*.

**Article 20** The benchmark deliverable is wheat meeting the quality standard for “Grade III” wheat or above under *National Standard of the People’s Republic of China “Wheat”* (GB 1351-2008), with test weight ≥ 770 g/L, moldy kernel ≤ 2.0%, 300 s ≤ falling number ≤ 550 s, purity ≥ 80%. Inherent quality indicators are stability time ≥ 12 min, wet gluten ≥ 31%, and extensibility (135 min) ≥ 110 cm².

**Article 21** The substitute deliverables and their premiums and discounts are as follows:

(1)Wheat with stability time ≥ 8 min, wet gluten ≥ 29%, and extensibility (135 min) ≥ 90 cm² but does not meet the standards for benchmark deliverable and above may be used as a substitute, the premiums and discounts for which are governed by the announcements of the Exchange;

(2)Wheat with stability time ≥ 16 min, wet gluten ≥ 32%, and extensibility (135 min) ≥ 140 cm² may be used as a substitute, the premiums and discounts for which are governed by the announcements of the Exchange;

(3)If 12.5% < moisture content ≤ 13.5% at delivery, then the commodity is at a 1.0% weight penalty for every 0.5% above 12.5%, with no discount for difference less than 0.5%.

**Article 22** In the quality indicators for strong gluten wheat, “purity” refers to the typical degree of consistency in the characteristics of the wheat. The purity is determined by the purity evaluation group through testing. The testing method will be separately announced by the Exchange.

**Section 3 Board Delivery**

**Article 23** Board Delivery of strong gluten wheat requires the submission of delivery intention.

Before shipping the commodity to a Board Delivery service provider, the seller shall fill out a Board Delivery Intention (WH) through its carrying Member and submit it to the Board Delivery service provider via the member service system or in another manner approved by the Exchange. The Board Delivery Intention (WH) shall specify such information about the commodity as the type, place of production, grade, quantity, and year of production.

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

The Board Delivery service provider shall, within two (2) business days of receiving the Board Delivery Intention (WH), notify the Member via the member service system or in another manner approved by the Exchange of the quantity it is able to receive. The Member shall, within two (2) business days of receiving 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 (WH) on the day it receives the load-in deposit or, if that day is not a business day, on the next business day.

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.

**Article 24** A Board Delivery Load-in Notice (WH) is valid for forty (40) calendar days starting from the issuance date. The validity period is subject to adjustment by the Exchange.

**Article 25** The load-in deposit is fully refunded within two (2) business days of the completion of load-in if commodities of the indicated quantity are all loaded in within the validity period of the Board Delivery Load-in Notice (WH), is refunded proportionately if only a portion of the commodities are actually loaded in, and is not refunded for any portion of the commodities that are not loaded in.

**Article 26** Upon completing the delivery intention procedures for Board Delivery, the seller shall notify the Board Delivery service provider of the means of transport, truck or ship number, quantity, and time of arrival before shipping the commodity.

The Board Delivery service provider shall issue a Load-in Confirmation (WH) once the deliverables are loaded in. Load-in Confirmation (WH) issued on or after October 1 of a given year is valid till the last business day in September of the following year.

The Load-in Confirmation (WH) serves as the basis for a seller’s participation in the delivery matching process.

**Article 27** When submitting a delivery request for Board Delivery of strong gluten wheat, the seller shall provide a valid Load-in Confirmation (WH) and such information about the commodity as the type, place of production, grade, quantity, year of production, and the name of the Board Delivery service provider.

**Article 28** If the Exchange announces a suspension of load-in at a Board Delivery service provider, then starting from market close in the afternoon of the day of the announcement, any delivery intention subsequently declared to the Board Delivery service provider is deemed invalid and the Exchange will no longer accept any request for the Board Delivery of the relevant commodities.

**Article 29** Strong gluten wheat is delivered at a Board Delivery service provider. 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 and the method and time of delivery, and enter into a Board Delivery Agreement.

The buyer shall submit the Board Delivery Confirmation Form via the member service system 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 30** A buyer shall complete quality inspection of the commodity within five (5) business days after submitting the Board Delivery Confirmation Form, and load and ship the commodity out within twenty-four (24) hours after completing the quality inspection. 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 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 31** 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 before the commodity leaves the Board Delivery service provider, and specify the quality indicators to be checked. The party that raises the quality dispute shall pay the re-inspection and other relevant fees in advance. The purity of strong gluten wheat is determined by the purity evaluation group through testing; other quality indicators are checked by the re-inspection agency. 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. The re-inspection agency shall issue the results of re-inspection within seven (7) business days from the date (exclusive) it receives the inspection notice from the Exchange. The results of re-inspection will serve as the basis for dispute resolution. The re-inspection and other relevant fees shall be borne by the party that raises the quality dispute if the results of re-inspection show that the commodity is at or superior to the quality grade indicated in the seller’s delivery intention, and by the seller if otherwise.

**Article 32** 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 33** 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 34** 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 35** WH contract has a minimum Trading Margin rate of 5% of contract value.

The Trading Margin rate of WH 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 36** WH contract has a price limit of ±4% of the settlement price of the preceding trading day.

**Article 37** The position limit of a particular WH contract varies as follows:

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| --- | --- |
| **Trading period** | **Maximum long position or short position held by a non-futures brokerage Member or client (lot)** |
| From listing to the 15th calendar day of the month preceding the delivery month | 1,000 |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 300 |
| Delivery month | 100  (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 38** Where the Exchange adjusts the Trading Margin rate or price limit of WH 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 39** 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 40** Any matter not covered by these *Detailed Rules* is governed by the relevant Rules of the Exchange.

**Article 41** The Exchange reserves the right to interpret these *Detailed Rules*.

**Article 42** 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.)