**Detailed Rules of Zhengzhou Commodity Exchange for White Sugar Futures**

**Chapter 1 General Provisions**

**Article 1** These *Detailed Rules* are made in accordance with the *Trading Rules of Zhengzhou Commodity Exchange* and the white sugar (“sugar”) futures (“**SR**”) contract to regulate SR-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** SR contract has a contract size of 10 metric tons/lot.

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

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

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

**Article 7** SR 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** SR contract is traded during night session hours and day session hours. The night session hours are 21:00 – 23:00. The day session hours are 9:00 – 11:30 and 13:30 – 15:00, with a break at 10:15 – 10:30.

Any suspension or cancellation of the night session or adjustment of the night session hours will be announced by the Exchange.

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

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

**Chapter 3 Delivery**

**Section 1 General Rules**

**Article 11** SR 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 SR 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** SR contract has a delivery unit of 10 metric tons.

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

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

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

**Article 15** Standard warehouse receipts registered for sugar produced in a given crop year are valid till the last business day (inclusive) in November of the end of that crop year.

“Crop year” as referred to in this Article means the period from October 1 of a given year to September 30 of the following year.

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

**Article 17** The delivery warehouses and factory warehouses for SR 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 SR is the tax-included price (including packaging fees) at which the benchmark deliverable is delivered at a benchmark delivery warehouse.

**Article 19** The registrant of a standard warehouse receipt for SR 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 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 SR 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 SR is governed by national standards and these *Detailed Rules*.

**Article 23** The benchmark deliverable is white sugar meeting the quality standards for Grade I sugar under *National Standard of the People’s Republic of China “White Granulated Sugar”* (GB/T 317-2018).

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

(1)Imported sugar (including sugar processed from imported raw sugar) meeting Grade I or Grade II standards under GB/T 317-2018 (with color value no greater than 170IU) may be delivered against SR;

(2)Sugar with color value no greater than 170IU and otherwise meeting the Grade II standards under GB/T 317-2018 may be delivered as a substitute against the September contract of the current crop year and the November contract following the end of the current crop year at a discount of RMB 50 yuan/metric ton.

**Article 25** Standard warehouse receipts registered for sugar produced in a given crop year are deliverable against contracts up to and including the November contract following the end of the current crop year. Delivery is made at an RMB 20 yuan/metric ton discount for the September contract at the end of that crop year and an RMB 40 yuan/metric ton discount for the November contract following the end of that crop year; the discount shall be settled together with the delivery payment.

**Article 26** The packaging for sugar shall comply with GB/T 317-2018.

The mark and label for imported sugar shall indicate the product name, net weight, name of the manufacturer, and production date. Other information is optional.

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

**Article 27** 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 SR.

**Article 28** A Load-in Notice issued by a delivery warehouse in the three Exchange-recognized major producing areas of Guangdong, Guangxi, and Yunnan between November 1 of a given year to April 30 of the following year is valid for fifteen (15) calendar days.

A Load-in Notice issued during other periods or by a delivery warehouse in other regions is valid for forty (40) calendar days.

**Article 29** The following documentations shall be provided for the load-in of sugar:

(1)Domestic sugar: Photocopies of the National Industrial Products Production License, Certificate of Quality, and the Business License of the manufacturer;

(2)Imported sugar: Photocopy of the PBC Customs Declaration Form for Import Goods approving the sale of the current shipment of sugar within the Chinese mainland (with form of trade being “general trade”); the Sanitary Certificate for the current shipment issued by the entry-exit inspection and quarantine authority of the port of entry; and the Certificate of Quality, Certificate of Origin, and (with signature) Guarantee of Lawful, Truthful, and Valid Documentations for Imported White Sugar issued by the manufacturer or exporter of the current shipment.

**Article 30** No request to register standard warehouse receipts for Grade II sugar is accepted before August 1 of each year.

**Article 31** Any sugar that is contained in packaging that shows signs of mold, serious contamination, moisture, or leakage; has caked; or has developed an odor shall not be loaded in.

**Article 32** A delivery warehouse conducts weight inspection on sugar at load-in. The weight inspection may be conducted through a combination of truck scale and weighing of randomly selected packs, or solely by weighing of randomly selected packs.

**Article 33** The load-in quality inspection of sugar is to be conducted by a Designated Quality Inspection Agency; the inspection fees shall be borne by the registrant of the corresponding standard warehouse receipts. One sample is to be taken from each stack location. Each sample shall be partitioned into two parts, sealed, and then mailed to the Designated Quality Inspection Agency. The registrant of the standard warehouse receipt may also entrust sampling to a third party accredited by the national quality and technical supervision authority, in which case the delivery warehouse shall provide cooperation. Any resulting expenses (excluding the sampling supporting service fees of the delivery warehouse) shall be borne by the registrant.

The Designated Quality Inspection Agency shall issue and notify the delivery warehouse of the inspection results within five (5) business days of receiving each batch of samples.

Any registrant or delivery warehouse that objects to the results of load-in quality inspection may request the Exchange for a re-inspection. The specific procedures are governed by the “Load-in Re-inspection of Delivery Warehouse Commodities” section under the *Rules of Zhengzhou Commodity Exchange on Standard Warehouse Receipts*.

**Article 34** The registrant of standard warehouse receipts shall be present at the weight inspection and load-in sampling of sugar 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 sugar is loaded in, the delivery warehouse shall record in a file such information as the name, contact person, and contact information of the registrant; load-in quantity; manufacturer; and the storehouse and stack location, which information shall be confirmed by the registrant with signature.

**Article 35** Starting from 3:00 p.m. on the 5th trading day of the delivery month of a contract, the Exchange will no longer accept the requests of delivery warehouses to register standard warehouse receipts for sugar to be delivered in the current month. The standard warehouse receipts created from registration requests submitted after 3:00 p.m. are deliverable against contracts of subsequent months.

**Article 36** Upon the cancellation of a standard delivery warehouse receipt for sugar, 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 37** The load-out weight inspection of sugar shall be jointly conducted by the delivery warehouse and the pick-up person in reference to the rules on load-in weight inspection.

Any quantity shortage at load-out shall be made up by the delivery warehouse in a timely manner; failing which, the delivery warehouse shall compensate the pick-up person for the price of the missing commodity based on the highest final settlement price of the SR contract in the nearby month up to and including the date the Pick-up Notice is issued.

**Article 38** Any pick-up person that objects to the quality of the sugar 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 39** Any sugar that shows change in color value due to weathering may be loaded out as normal and shall not be refused by the pick-up person if such change is within the prescribed range.

Where any Grade I sugar has a color value less than or equal to 190IU, the corresponding loss shall be borne by the pick-up person; where it has a color value between 190IU (exclusive) and 240IU (inclusive), then the delivery warehouse shall compensate the pick-up person at RMB 10 yuan/metric ton for every 10IU increment in color value. For this purpose, increment less than 10IU is counted as 10IU. If the color value is greater than 240IU, the delivery warehouse is liable for compensation.

**Article 40** A delivery warehouse is liable for compensation for any sugar at load-out that is contained in packaging that shows signs of mold, serious contamination, moisture, or leakage; has caked; or has developed an odor.

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

**Article 41** The maximum number of standard warehouse receipts registerable by a sugar factory warehouse is determined by, and subject to the adjustment of, the Exchange.

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

**Article 42** Upon the cancellation of a standard factory warehouse receipt for sugar, 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 43** 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 44** The load-out weight inspection of sugar 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 SR 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 45** Unless otherwise agreed with the pick-up person, a factory warehouse shall ensure the commodity delivered meets the quality specifications of the Exchange for delivery.

At the time of load-out, the factory warehouse shall take samples in the presence of the pick-up person before the commodity is loaded onto the buyer’s transport vehicles, which samples shall be jointly confirmed and then jointly sealed by the parties. Each sample is to be partitioned into three parts, with one kept by the pick-up person and two by the factory warehouse. The samples shall be retained by the factory warehouse for thirty (30) calendar days after shipment and will serve as the basis for settling potential quality disputes.

**Article 46** Where the pick-up person or factory warehouse objects to the weight or quality of the commodity, they shall jointly determine a solution; failing which, the pick-up person or factory warehouse may request the Exchange for a one-time re-inspection with the requester’s payment of the re-inspection fee and other relevant fees in advance. Objection over weight shall be raised before load-out; objection over quality shall be raised within five (5) business days of load-out. 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 47** 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 SR 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 48** 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 49** 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 50** 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 51** SR contract has a minimum Trading Margin rate of 5% of contract value.

The Trading Margin rate of SR 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 52** SR contract has a price limit of ±4% of the settlement price of the preceding trading day.

**Article 53** The position limit of a particular SR 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 | Open interest < 300,000 | 30,000 |
| Open interest ≥ 300,000 | 10% of open interest |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 6,000 | |
| Delivery month | 1,000  (0 for individuals) | |

“Position limit” as used in this Article refers to the maximum size of speculative positions (calculated on a single-counted basis) in a given futures contract that a Member or client is permitted to hold by the Exchange.

**Article 54** Where the Exchange adjusts the Trading Margin rate or price limit of SR 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 55** 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 56** Any matter not covered by these *Detailed Rules* is governed by the relevant Rules of the Exchange.

**Article 57** The Exchange reserves the right to interpret these *Detailed Rules*.

**Article 58** 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.)