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

**Chapter 1** **General Provisions**

**Article 1** These *Detailed Rules* are made in accordance with the *Trading Rules of Zhengzhou Commodity Exchange* and the ferrosilicon futures (“**SF**”) contract to regulate SF-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** SF contract has a contract size of 5 metric tons/lot.

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

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

**Article 6** SF contract has the following delivery months: every month from January to December.

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

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

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

**Chapter 3** **Delivery**

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

**Article 11** SF 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 SF 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** SF contract has a delivery unit of 5 metric tons (net weight).

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

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

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

**Article 15** The standard warehouse receipts for ferrosilicon registered on or before the 15th trading day of February, June, or October of each year shall be cancelled on or before the 15th trading day of February, June, or October of the same year.

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

**Article 17** The delivery warehouses and factory warehouses for SF 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 SF is the tax-included price (including packaging fees) at which the benchmark deliverable is delivered through a load-out from a benchmark delivery warehouse onto a truck.

**Article 19** The registrant of a standard warehouse receipt shall bear all the expenses incurred before the commodity is transported to the designated storage area in the delivery warehouse as well as the expenses from loading the commodity onto the truck at load-out; the pick-up person shall bear all the expenses incurred after the commodity is loaded onto the truck.

The rates of delivery fees, storage fees, load-in and load-out fees, inspection fees, inspection supporting service fees, and other delivery-related fees will be separately announced by the Exchange.

**Article 20** The cost of packaging materials for ferrosilicon 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 SF 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 SF is governed by national standards and these *Detailed Rules*.

**Article 23** The benchmark deliverable is ferrosilicon with the designation of PG FeSi72Al2.5 (silicon ≥ 72.0%, phosphorous ≤ 0.04%, sulfur ≤ 0.02%, carbon ≤ 0.2%) under *National Standard of the People’s Republic of China “Ferrosilicon”* (GB/T 2272-2020) with a particle size range of 10-60 mm. There are no requirements for manganese, chromium, aluminum, and titanium. Undersize particles and oversize particles shall account for no more than 5% and 8% of a shipment, respectively.

**Article 24** The ferrosilicon for delivery shall be packaged in double-layer woven polypropylene bags with reinforcing belts across the midsection. Each bag shall indicate the product name, designation, applicable standards, and manufacturer. The bags in the same quality inspection lot shall have an average net weight of 1,000 ± 10 kg per bag.

Deliverable ferrosilicon shall be settled per the net weight, with 2.5 kg/bag deducted for the weight of packaging materials.

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

**Article 25** 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 SF.

**Article 26** The Load-in Notice issued by a ferrosilicon delivery warehouse is valid for forty (40) calendar days.

**Article 27** At load-in, the registrant of the standard warehouse receipts shall provide the delivery warehouse with the Certificate of Quality issued by the manufacturer of the current shipment of commodity, and sign the Quality Commitment on Ferrosilicon Pulverization. The Certificate of Quality shall indicate the manufacturer, date of production (ex-factory date), applicable quality standards, and quality inspection results for the current shipment of product, among other information.

**Article 28** No ferrosilicon with a date of production (or ex-factory date) older than ninety (90) days may be loaded in.

No ferrosilicon showing signs of pulverization may be loaded in.

**Article 29** A delivery warehouse conducts weight inspection on ferrosilicon at load-in. The weight inspection is conducted with a truck scale.

**Article 30** The sampling, sample preparation, quality inspection, and particle size measurement of the ferrosilicon for load-in is to be conducted by a Designated Quality Inspection Agency in accordance with national standards. The relevant delivery warehouse shall provide cooperation and the inspection fees of the Designated Quality Inspection Agency as well as the inspection supporting service fees of the delivery warehouse shall be borne by the registrant of the corresponding standard warehouse receipts.

The Designated Quality Inspection Agency shall issue and notify the delivery warehouse of the inspection results within three (7) business days of completing the sampling process.

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 31** The ferrosilicon at load-in shall be in dry, durable packaging materials and suitable for storage. Where the packaging materials are damaged during the sampling process, the delivery warehouse shall repackage the commodity in accordance with national standards. The packaging materials and the relevant costs shall be provided and borne by the registrant of the standard warehouse receipts.

**Article 32** The Exchange may approve inspection-exempt brands for the deliverables of SF. The load-in quality inspection for ferrosilicon may be waived for any load-in request directly submitted by an inspection-exempt brand, and for any other registrant that has submitted to the Exchange and delivery warehouse a Commitment of Quality that is issued by an inspection-exempt brand and conforms to the requirements of the Exchange. The list of inspection-exempt brands for ferrosilicon will be separately announced by the Exchange.

**Article 33** The registrant of standard warehouse receipts shall be present at the weight inspection and load-in sampling of ferrosilicon 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; manufacturer; and the storehouse and stack location, which information shall be confirmed by the registrant with signature.

**Article 34** Upon the cancellation of a standard delivery warehouse receipt for ferrosilicon, 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 35** The load-out weight inspection of ferrosilicon 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 SF contract in the nearby month up to and including the date the Pick-up Notice is issued.

**Article 36** Any pick-up person that objects to the quality of the ferrosilicon 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 37** Any ferrosilicon with 5% < undersize particles ≤ 6% at load-out re-inspection is deemed deliverable and shall not be refused by the pick-up person. Where undersize particles > 6%, the registrant or the delivery warehouse may choose one of the following remedies:

(1) replace the commodity with product meeting the load-in standard; or

(2) compensate the pick-up person. Where amount of compensation = the highest final settlement price of the SF contract in the nearby month up to and including the date the Pick-up Notice is issued × (percentage of undersize particles during load-out re-inspection – 6%) × re-inspection quantity × 2.

**Article 38** Where the packaging of ferrosilicon is found at time of load-out to be damaged and unsuitable for loading/unloading and transport, the delivery warehouse shall supply the packaging materials and re-package the commodity free of charge.

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

**Article 39** The maximum number of standard warehouse receipts registerable by an SF factory warehouse is determined by, and subject to the adjustment of, the Exchange.

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

**Article 40** The delivery point for ferrosilicon registered under a standard factory warehouse receipt is the delivery warehouse chosen by the pick-up person within the shipping radius of the relevant factory warehouse. The shipping radius of factory warehouses will be separately announced by the Exchange. The factory warehouse shall bear the relevant fees, including the transit fees charged by the delivery warehouse, before the commodity is transported to the buyer’s trucks. Any premiums or discounts associated with the delivery warehouse may be settled by the pick-up person and the factory warehouse by and among themselves in accordance with the premiums and discounts established by the Exchange.

The pick-up person and the factory warehouse may agree on another pick-up location, in which case the particulars of delivery and the related fees shall be determined by the parties through negotiation.

**Article 41** Upon the cancellation of a standard factory warehouse receipt for ferrosilicon, the pick-up person shall, within twenty (20) business days after the Exchange issues the Pick-up Notice, visit the factory warehouse to complete the shipping 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.

**Article 42** The pick-up person and factory warehouse shall agree on the shipping arrangements within three (3) business days after the former contacts the latter about shipping matters. Among other information, such agreement shall specify the delivery point, means of transport, shipping speed, allocation of expenses. Where the parties are unable to agree on the shipping speed, the factory warehouse shall ship the commodity per the daily shipment volume approved by the Exchange. If delivery takes place at a delivery warehouse, the factory warehouse and the pick-up person shall contact the delivery warehouse in a timely manner to finalize the delivery arrangements.

The factory warehouse shall ship the commodity within three (3) calendar days of the conclusion of the shipping agreement in the case of truck transport, and within fifteen (15) calendar days of the conclusion of the shipping agreement in the case of rail or ship transport. Upon shipment, the factory warehouse shall deliver the relevant documents to the pick-up person and delivery warehouse in a timely manner.

The pick-up person shall complete the commodity acceptance, pick-up, or storage procedures within three (3) calendar days from the day (exclusive) that each shipment of products arrives at the relevant delivery warehouse, or be solely liable for any expenses and quality issues arising from delayed pick-up.

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** In a delivery of ferrosilicon at a delivery warehouse, the weight inspection shall be conducted by the delivery warehouse and the relevant expenses shall be borne by the factory warehouse. In a delivery of ferrosilicon at other locations, the pick-up person and the factory warehouse shall jointly determine how the weight inspection and the expenses will be conducted or allocated.

Any quantity shortage at make-delivery 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 SF 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 44** 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 delivery, the factory warehouse shall present to the pick-up person the Certificate of Quality showing conformance with the standards for delivery.

**Article 45** 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 delivery; objection over quality shall be raised within five (5) business days of delivery. 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 46** 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 party at fault shall additionally pay a late fee. 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 SF 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 47** 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 48** 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 49** 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 50** SF contract has a minimum Trading Margin rate of 5% of contract value.

The Trading Margin rate of SF 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 51** SF contract has a price limit of ±4% of the settlement price of the preceding trading day.

**Article 52** The position limit of a particular SF 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 < 100,000 | 10,000 |
| Open interest ≥ 100,000 | 10% of open interest |
| From the 16th calendar day to the last calendar day of the month preceding the delivery month | 2,000 | |
| 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 53** Where the Exchange adjusts the Trading Margin rate or price limit of SF 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 54** 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 55** Any matter not covered by these *Detailed Rules* is governed by the relevant Rules of the Exchange.

**Article 56** The Exchange reserves the right to interpret these *Detailed Rules*.

**Article 57** 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.)