

Detailed Rules for Futures Delivery of Zhengzhou Commodity Exchange

(The revised provisions of Articles 71, 75, 91 and 106 shall come into force from May 2, 2019; the revised provisions of the other articles shall come into force from November 9, 2018)

Chapter 1 General Provisions

Article 1 These Detailed Rules are formulated in accordance with the Trading Rules of Zhengzhou Commodity Exchange (hereinafter “the Exchange”) for the purposes of regulating delivery business and ensuring the normal practices of physical delivery against futures contract in the Exchange.

The delivery business of the Exchange shall be governed by these Detailed Rules. The Exchange, members, clients, overseas brokers, delivery warehouses (hereinafter “warehouses”), transit delivery warehouses (hereinafter “transit warehouses”), delivery factories (hereinafter “factories”), designated quality inspection agencies and other involved delivery participants shall comply with these Detailed Rules.

Article 2 The physical delivery against futures contract shall refer to the two trading parties, in accordance with the Exchange’s rules and prescribed procedures, close out open positions and transfer the ownership of the underlying products of the futures contracts.

The three-day delivery procedure shall be implemented for the delivery of registered warehouse receipts.

The specific delivery procedures for non-registered warehouse receipts shall be determined based on their underlying commodities.

Article 3 Physical deliveries against the contracts listed on the Exchange shall be made by warehouse delivery, transit warehouse delivery, factory delivery and board delivery.

Warehouse delivery shall refer to the delivery of registered warehouse receipts issued by the designated warehouses from a seller to a buyer.

Transit warehouse delivery shall refer to the delivery of transit warehouse receipts issued by the transit warehouses from a seller to a buyer.

Factory delivery shall refer to the delivery of registered factory receipts issued by the designated factories from a seller to a buyer.

Board delivery shall refer to the delivery through the loading of a seller's commodities onto a buyer's truck board (hereafter "FOT"), train board (hereafter "FOR") or ship board (hereafter "FOB") at the delivery valuation points.

The delivery valuation points shall refer to the location designated by the Exchange at which the delivery expenses of both a seller and a buyer are calculated when they conduct board delivery.

In case that a buyer and a seller conduct delivery at a delivery valuation point, the delivery shall be completed through the designated delivery service agencies at the delivery valuation point and relevant expenses shall be paid by the buy and the seller.

Article 4 Exchange listed products shall be delivered in the following ways:

For strong gluten wheat and early long-grain nonglutinous paddy: warehouse delivery.

For cotton: warehouse delivery and transit warehouse delivery.

For methanol, rapeseed meal, late long-grain nonglutinous paddy, medium to short-grain nonglutinous paddy, white sugar, purified terephthalic acid (hereinafter "PTA"), rapeseed oil, ferrosilicon, manganese silicon and cotton yarn: warehouse delivery and factory delivery.

For common wheat and rapeseed: board delivery and warehouse delivery.

For flat glass: factory delivery.

For thermal coal: board delivery and factory delivery.

For apple: board delivery, warehouse delivery and factory delivery.

Article 5 The physical delivery against the futures contracts held by individual clients shall be handled by the members and carried out in the name of the members at the Exchange. The delivery results shall be borne by the clients.

With respect to the clients appointing overseas brokers to carry out futures trading, the delivery shall be handled through their overseas brokers, and then the overseas brokers shall appoint relevant members to handle such delivery in the name of the member at the Exchange.

Article 6 The clients who are unable to provide or accept special (normal) value-added tax (hereinafter "VAT) invoices or other documents recognized by the Exchange shall not make or take delivery; the clients whose open positions are non-integral multiple of the delivery units shall not make or take delivery; the clients who do not have the qualification of producing, storing, using, operating or transporting methanol shall not participate in the delivery of methanol; registered transit warehouse receipts cannot be used for delivery matching after the market close

of the last trading day of a delivery month.

The normal VAT invoice shall be provided for the delivery of rapeseed meal.

The special VAT invoice or sales invoice for agricultural products shall be provided for the delivery of apples.

The clients who are unable to conduct delivery shall liquidate their open positions before entering the delivery month. From the first trading day of the delivery month, the natural persons shall be prohibited to open new delivery month positions and the Exchange is entitled to forcedly liquidate the delivery month positions held by the natural persons. In case that the positions which are not permitted to be delivered are matched on the matching day, a penalty of 10% of the contract value (calculated at the delivery price on the matching day) shall be imposed by the Exchange to pay to the counterparty, and the delivery is terminated; if the positions held by both parties are not permitted to be delivered, a penalty with the amount calculated as per the proportion prescribed in this Article shall be imposed by the Exchange and the delivery is terminated.

In case that a seller is matched for delivery after the market close of the last trading day of a delivery month, while the seller only holds transit warehouse receipts or holds both transit warehouse receipts and warehouse receipts while the number of the warehouse receipts could not satisfy the delivery requirement of the Exchange, then the seller shall be deemed as in default, and a penalty of 20% of the contract value of the defaulted position (calculated at the delivery price on the matching day) shall be imposed by the Exchange to pay to the buyer and the delivery is terminated.

Chapter 2 Delivery Standards

Section 1 Common Wheat

Article 7 Delivery unit: 50 metric tons.

Article 8 The delivery of common wheat shall be made in accordance with applicable national standards, relevant national regulations and these Detailed Rules.

Benchmark product for delivery: grade 3 or higher grade wheat conforming to the specifications prescribed in the “National Standard of the People’s Republic of China, Wheat” (GB 1351-2008) with sprouted kernels less than or equal to 2.0% among unsound kernels and moldy kernels less than or equal to 2.0%.

Substitutes as well as premiums and discounts:

I. when being loaded in, the common wheat with moisture content less than or equal to 12.5% shall be warehoused in full quantity; the common wheat with moisture content greater than 12.5% but less than or equal to 13.5% shall be warehoused with a quantity deduction of 1.0% for every 0.5% moisture content in excess of 12.5%; the common wheat with excess moisture content less than 0.5% shall be warehoused without quantity deduction. When being delivered by registered warehouse receipts, the common wheat with moisture content less than or equal to 12.5% shall be loaded out in full quantity; the common wheat with moisture content greater than 12.5% but less than or equal to 13.5% shall be loaded out with an quantity addition of 1.0% for every 0.5% moisture content in excess of 12.5%; the common wheat with excess moisture content less than 0.5% shall be loaded out without quantity addition. When being delivered by board delivery, the common wheat with moisture content less than or equal to 12.5% shall be delivered in full quantity; the common wheat with moisture content greater than 12.5% but less than or equal to 13.5% shall be delivered with an quantity addition of 1.0% for every 0.5% moisture content in excess of 12.5%; the common wheat with excess moisture content of less than 0.5% shall be delivered without quantity addition.

II. the common wheat with foreign material greater than 1.0% but less than or equal to 1.5% shall be warehoused (loaded out) with a quantity deduction (addition) of 1% of the total quantity for every 0.5% foreign material in excess of 1%; the common wheat with excess foreign material less than 0.5% shall be warehoused (loaded out) without a quantity deduction (addition). The quality differences on foreign materials as well as the premiums and discounts for board delivery shall be consistent with the load-out requirements.

III. the common wheat with unsound kernels greater than 8.0% but less than or equal to 12.0% shall be warehoused (loaded out) with a quantity deduction (addition) of 1.0% of total quantity for every 1.0% unsound kernels in excess of 8.0%. The quality differences on unsound kernels as well as the premiums and discounts for board delivery shall be consistent with the load-out requirements.

Article 9 Common wheat shall be accepted, stored and transported in bulk.

Section 2 Strong Gluten Wheat

Article 10 Delivery unit: 20 metric tons.

Article 11 The delivery of strong gluten wheat of high quality (hereinafter “strong gluten wheat”) shall be conducted in accordance with applicable national standards, relevant national regulations and these Detailed Rules.

Benchmark product for delivery: grade 3 or higher grade wheat conforming to the specifications of the “National Standard of the People’s Republic of China, Wheat” (GB 1351-2008) with test weight greater than or equal to 770g/L, moldy kernels among unsound kernels less than or equal to 2.0%, falling number greater than or equal to 300s but less than or equal to 550s, stability time of internal quality indicators longer than or equal to 8 minutes, wet gluten greater than or equal to 30% and tensile length (135min) greater than or equal to 90cm².

Substitutes as well as premiums and discounts:

I. for strong gluten wheat with stability time of internal quality indicators longer than or equal to 6 minutes, wet gluten greater than or equal to 28%, tensile length (135min) greater than or equal to 75 cm² and test weight greater than or equal to 750g/L while could not satisfy the requirements for benchmark products, a CNY 260 per metric ton discount shall be applied; for strong gluten wheat with stability time of internal quality indicators longer than or equal to 12 minutes, wet gluten greater than or equal to 30% and tensile length (135min) greater than or equal to 100cm², a CNY 80 per metric ton premium shall be applied; for strong gluten wheat with stability time of internal quality indicators longer than or equal to 16 minutes, wet gluten greater than or equal to 30% and tensile length (135min) greater than or equal to 120cm², a CNY 120 per metric ton premium shall be applied.

II. when being loaded in, the strong gluten wheat with moisture content less than or equal to 12.5% shall be warehoused in full quantity; the strong gluten wheat with moisture content greater than 12.5% but less than or equal to 13.5% shall be warehoused with a quantity deduction of 1.0% for every 0.5% moisture content in excess of 12.5%; the strong gluten wheat with excess moisture content less than 0.5% shall be warehoused without quantity deduction. When being loaded out, the strong gluten wheat with moisture content less than or equal to 12.5% shall be loaded out in full quantity; the strong gluten wheat with moisture content greater than 12.5% but less than or equal to 13.5% shall be loaded out with a quantity addition of 1.0% for every 0.5% moisture content in excess of 12.5%; the strong gluten wheat with excess moisture content less than 0.5% shall be loaded out without quantity addition.

III. when substitutes are used for delivery at a discount, the strong gluten wheat with foreign material greater than 1.0% but less than or equal to 1.5% shall be warehoused (loaded out) with a quantity deduction (addition) of 1.0% of total quantity for every 0.5% foreign material in excess of 1.0%; the strong gluten wheat with excess foreign

material less than 0.5% shall be warehoused (loaded out) without quantity deduction (addition).

IV. when substitutes are used for delivery at a discount, the strong gluten wheat with unsound kernels greater than 8.0% but less than or equal to 12.0% shall be warehoused (loaded out) with a quantity deduction (addition) of 1.0% of total quantity for every 1.0% unsound kernels in excess of 8.0%.

Article 12 Strong gluten wheat shall be accepted and transported in bulk, and shall be stored in sacks and/or in bulk.

Section 3 Cotton

Article 13 The cotton futures contracts listed on the Exchange are sequenced by product numbers and the products shall be classified into the No.1 cotton and the cotton with other product numbers announced by the Exchange.

Article 14 Delivery unit of No.1 cotton: 185 bags \pm 5 bags (227 \pm 10 kilograms/bag), and a delivery unit shall amount to 8 lots.

Article 15 The delivery of No.1 cotton shall be conducted in accordance with applicable national standards.

Benchmark product for delivery: grade 3128B domestic cotton conforming to the Cotton Chapter 1: Domestic Gear Shaped Fine Staple Cotton (GB1103.1-2012) with U3 length uniformity, S3 breaking tenacity and P2 preparation.

Substitutes as well as premiums and discounts: cotton conforming to the specifications of Cotton Chapter 1: Domestic Gear Shaped Fine Staple Cotton (GB1103.1-2012) with color grades of 11, 21, 41, 12 or 22, mean length of 27mm, 29mm or above, length uniformity of U1, U2 or U4, main micronaire value grade of A or C2 of grade C, breaking tenacity of S1, S2 or S4 and preparation of P1 or P3 shall

be used as substitutes for delivery. Premiums and discounts for substitutes shall be stipulated and announced by the Exchange separately.

The price of one unit of deliverable cotton shall be calculated as per color grades and preparation ratio. The cotton with main color grade shall be delivered at a premium of CNY 100 per metric ton.

In terms of the cotton without main color grade, the color grade taking the largest proportion shall be the cotton's color grade.

Premiums, discounts and prices of cotton with different color grades shall be cleared along with the payment for the cotton according to the re-inspection results.

Article 16 Domestic gear shaped white staple cotton produced in year N shall be discounted at CNY 4 per metric ton per calendar day since 1st August in year N+1 until the last business day of March in year N+2.

Article 17 The packing of cotton and the packing materials shall conform to relevant national regulations.

Section 4 White Sugar

Article 18 Delivery unit: 10 metric tons.

Article 19 The delivery of white sugar shall be conducted in accordance with applicable national standards and these Detailed Rules.

Benchmark product for delivery: grade 1 white sugar conforming to the specifications of the National Standard of the People's Republic of China, White Sugar (GB317-2006) (hereinafter "National Standard for White Sugar").

Substitutes as well as premiums and discounts:

I. the imported white sugar (including the white sugar processed from imported raw sugar) of grade 1 and grade 2 (with color value lower than or equal to 170IU) which conform to the specifications of the National Standard for White Sugar can be used for delivery;

II. the grade 2 white sugar with color value less than or equal to 170IU and with other quality indicators conforming to the specifications of the National Standard for White Sugar can be used as the substitutes for the delivery of September contract of this crop year (from October 1st of a year to September 30th of the next year) and November contract of the next crop year with a discount of CNY 50 per metric ton.

Article 20 The white sugar produced in crop year N shall only be used for the delivery of contracts no later than November (including November) of crop year N+1, and these white sugar shall be delivered at a CNY 20 per metric ton discount for September contract and at a CNY 40 per metric ton discount for November contract. Discounts shall be cleared together with the payment for the white sugar.

Article 21 The packing of white sugar shall conform to the specifications stipulated in the National Standard for White Sugar.

The logo and label of imported white sugar shall include information on product name, net weight, name of the manufacturer and production date. No other contents shall be required.

White sugar whose packages are moldy, seriously polluted, wet and leaking or which cakes and has strange odor shall not be loaded in.

Section 5 PTA

Article 22 Delivery unit: 5 metric tons.

Article 23 The delivery of PTA shall be conducted in accordance with the specifications of Purified Terephthalic Acid for Industrial Use (GB/T 32685-2016).

Benchmark product for delivery: high-class PTA conforming to the quality standard of GB/T 32685-2016.

Benchmark PTA for delivery shall be produced by the manufacturers designated by the Exchange. The names of these manufacturers shall be announced by the Exchange.

The Exchange shall have the right to change the manufacturers of deliverable PTA.

Article 24 PTA whose packages are broken, wet and seriously polluted or which cakes shall not be loaded in.

Section 6 Rapeseed

Article 25 Delivery unit: 10 metric tons.

Article 26 The delivery of rapeseed shall be conducted in accordance with the specifications of applicable national standards and these Detailed Rules.

Benchmark product for delivery: the rapeseed with oil content (calculated based on 8% moisture content, the same hereinafter) greater than or equal to 38.0%, moisture content less than or equal to 9.0%, foreign material less than or equal to 3.0%, heat damaged kernels less than or equal to 2.0%, moldy kernels less than or equal to 2.0% and normal color and odor. The definitions of rapeseed quality indicators, the requirements of hygiene indicators and the inspection methods shall be carried out as per the specifications of the National Standard of the People's Republic of China, Rapeseed (GB/T 11762-2006).

Substitutes as well as premiums and discounts:

I. the rapeseed with oil content greater (less) than 38% shall be delivered at a CNY 70 per metric ton premium (discount) for every 1% of oil content greater (less) than 38%. The rapeseed with oil content greater than 38% but less than 39% shall be delivered with no premium. The rapeseed with oil content greater than 37% but less than 38% shall be delivered at a CNY 70 per metric ton discount. The rapeseed with oil content greater than 42.0% shall be delivered at a premium the same as 42.0%. The rapeseed with oil content less than 35.0% shall not be used for delivery.

II. the rapeseed with foreign material greater (less) than 3.0% shall be delivered at a CNY 30 per metric ton premium (discount) for every 0.5% of foreign material greater (less) than 3.0%. The rapeseed with foreign material greater than 2.5% but less than 3.0% or greater than 3.0% but less than 3.5% shall be delivered with no discount or premium. The rapeseed with foreign material less than 2.0% shall be delivered at a premium the same as 2.0%. In case of being delivered by registered warehouse receipts, the rapeseed with foreign material greater than 3.0% shall not be delivered. In the case of FOT delivery, the rapeseed with foreign material greater than 4.0% shall not be used for delivery.

III. in the case of FOT delivery, the rapeseed with moisture content greater than 9.0% shall be delivered at a CNY 30 per metric ton discount for every 0.5% of moisture content in excess of 9.0%, the rapeseed with moisture content greater than 9.0% but less than 9.5% shall be delivered with no discount and the rapeseed with moisture content greater than 12.0% shall not be delivered. In case of being delivered by registered warehouse receipts, the rapeseed with moisture content greater than 9.0% shall not be used for delivery.

Article 27 The rapeseed to be delivered shall be packed with plastic woven sacks. The length of the bags shall be between 1100mm and 1250mm, and the width shall be between 650mm and 750mm. The bags shall be sealed by bag sewing machine, and the weight of one bag of rapeseed shall be no less than 60 kg. The bags shall have no breaks, no leaks, no toxic substances and no mildews and shall be clean, firm and

breathable. The packing of the deliverable rapeseed belonging to the same client in the same batch shall be unified.

Section 7 Rapeseed Oil

Article 28 Delivery unit: 10 metric tons.

Article 29 The delivery of rapeseed oil shall be conducted in accordance with the specifications of applicable national standards and these Detailed Rules.

Benchmark product for delivery: grade 4 rapeseed oil conforming to the specifications of the National Standard of the People's Republic of China, Rapeseed Oil (GB1536-2004).

Substitutes as well as premiums and discounts:

I. grade 3, grade 2 and grade 1 rapeseed oil conforming to the quality standards of GB1536-2004 can be used as substitutes for delivery without premiums and discounts.

II. the rapeseed oil with the increase of the blue color value greater than or equal to 0.5 and less than or equal to 1.0 and with other indicators conforming to the specifications of benchmark product for delivery during the heating test (280°C) can be used as substitutes for delivery at a CNY 30 per metric ton discount, and such rapeseed oil shall be labeled as "crude rapeseed oil".

Article 30 In terms of the rapeseed oil being loaded in during June 1st (including the day) of each year and December 1st (excluding the day) of the same year, its acid value shall not exceed 2.3mg/g, peroxide value shall not exceed 3.5mmol/kg and color value of red shall not exceed 6.0 with yellow 35.

In terms of the rapeseed oil being loaded in during December 1st (including this day) of each year and June 1st (excluding the day) of the next year, its acid value shall not

exceed 2.5mg/g, peroxide value shall not exceed 4.0mmol/kg and color value of red shall not exceed 6.5 with yellow 35.

When being loaded out, the peroxide value of such rapeseed oil shall not exceed 5.5mmol/kg.

Section 8 Rapeseed Meal

Article 31 Delivery unit: 10 metric tons.

Article 32 The delivery of rapeseed meal shall be conducted in accordance with the specifications of applicable national standards and these Detailed Rules.

Benchmark product for delivery: grade 4 rapeseed meal conforming to the specifications of the National Standard of the People's Republic of China, Rapeseed Meal for Fodder Use (GB/T 23726-2009) (hereinafter "National Standard for Rapeseed Meal") with protein solubility in potassium-hydroxide protein solution no less than 35%. There are no requirements for the indicators of crude fat and lysine.

Substitutes as well as premiums and discounts:

I. the rapeseed meal with protein solubility in potassium-hydroxide protein solution no less than 35% and crude protein greater than or equal to 34.5% but less than 35.0% shall be delivered at a CNY 35 per metric ton discount. The rapeseed meal with crude protein greater than or equal to 34.0% but less than 34.5% shall be delivered at a CNY 70 per metric ton discount, and other indicators of such rapeseed meal shall comply with the specifications of grade 4 rapeseed meal stipulated in the National Standard for Rapeseed Meal, and there are no requirements for the indicators of crude fat and lysine of such rapeseed meal.

II. type 95 rapeseed meal and the imported rapeseed meal shall not be used for delivery.

Article 33 Packing of rapeseed meal shall meet the following requirements: packing material shall be new woven bag with no breaks and no leaks and have no toxic substances, oil stains, mildews or pollutants of coal ashes, lime, iron rusts, muds and water spots. Rapeseed meal whose packages are wet and leaking or which cakes and has strange odor shall not be warehoused.

The woven bags of domestic rapeseed meal shall be marked with the information on the name, address and contact numbers of the production enterprise which have obtained the Qualification Certificate of Feedstuff Production Enterprise as well as the product name, net weight (kg) and the information on whether the rapeseed used for making rapeseed meal is genetically modified or not. Tags printed with information about the implementation standard, quality indicators, production date and expiration date (at least 6 months from the production date) of the product shall be sewn on the woven bags.

The packing of the deliverable rapeseed meal belonging to the same client in the same batch shall be unified.

Section 9 Early Long-Grain Nonglutinous Paddy

Article 34 Delivery unit: 20 metric tons.

Article 35 The delivery of early long-grain nonglutinous paddy shall be conducted in accordance with the specifications of applicable national standards, relevant state regulations and these Detailed Rules.

Benchmark product for delivery: grade 3 and higher grade early long-grain non-glutinous paddy conforming to the specifications of the National Standard of the People's Republic of China, Paddy (GB1350-2009).

Substitutes as well as premiums and discounts:

I. when being loaded in, the early long-grain nonglutinous paddy with moisture content less than or equal to 13.5% shall be loaded in in full quantity; the early long-grain nonglutinous paddy with moisture content greater than 13.5% but less than or equal to 14.5% shall be loaded in with a quantity deduction of 0.2% for every 0.1% moisture content in excess of 13.5%. When being loaded out, the early long-grain nonglutinous paddy with moisture content less than 13.5% shall be loaded out in full quantity; the early long-grain nonglutinous paddy with moisture content greater than 13.5% but less than or equal to 14.5% shall be loaded out with a quantity addition of 0.2% for every 0.1% moisture content in excess of 13.5%, and the quantity addition shall be assumed by the warehouse(s) (which only applies to Jiangxi, Hunan, Hubei and other main production areas).

II. the early long-grain nonglutinous paddy with foreign material greater than 1.0% but less than or equal to 1.5% shall be loaded in (loaded out) with a quantity deduction (addition) of 0.5%; the early long-grain nonglutinous paddy with foreign material greater than 1.5% but less than or equal to 2.0% shall be loaded in (loaded out) with a quantity deduction (addition) of 1.0%.

Article 36 The fatty acid value and yellow-colored rice rate of the early long-grain nonglutinous paddy being loaded in or loaded out shall satisfy the following requirements:

I. the early long-grain nonglutinous paddy with fatty acid value less than or equal to 19mg/100g (dry basis) and yellow-colored rice rate less than or equal to 0.5% shall be loaded in with no premiums or discounts; when being loaded out, its fatty acid value shall be less than or equal to 22mg/100g (dry basis) and the yellow-colored rice rate shall be less than 0.7%.

II. the early long-grain nonglutinous paddy with fatty acid value greater than 19mg/100g but less than or equal to 25mg/100g (dry basis) and yellow-colored rice rate less than or equal to 0.7% shall be loaded in as substitutes for delivery and the

premiums and discounts shall be announced by the Exchange separately; when being loaded out, its fatty acid value shall be less than or equal to 28mg/100g (dry basis) and the yellow-colored rice rate shall be less than 1.0%.

Section 10 Late Long-Grain Nonglutinous Paddy

Article 37 Delivery unit: 20 metric tons.

Article 38 The delivery of late long-grain nonglutinous paddy (including medium long-grain nonglutinous paddy, the same hereinafter) shall be conducted in accordance with the specifications of applicable national standards, relevant state regulations and these Detailed Rules.

Benchmark product for delivery: grade 3 and higher grade late long-grain nonglutinous paddy conforming to the specifications of the National Standard of the People's Republic of China, Paddy (GB1350-2009) with the chalkiness rate less than or equal to 30% and the grain shape (aspect ratio) greater than or equal to 2.8.

Substitutes as well as premiums and discounts: the late long-grain nonglutinous paddy with the differences between its quality indicators and those for the benchmark delivery products satisfying the following regulations can be used as substitutes for delivery at a premium or discount:

I. when being loaded in, the late long-grain nonglutinous paddy with moisture content less than or equal to 13.5% shall be loaded in in full quantity; the late long-grain nonglutinous paddy with moisture content greater than 13.5% shall be loaded in with a quantity deduction of 0.2% for every 0.1% moisture content in excess of 13.5%; in terms of the late long-grain nonglutinous paddy being loaded in during October 1st (including the day, the same hereinafter) of each year and March 31st of the next year, its moisture content shall be no greater than 15.0%; in terms of the long-grain nonglutinous paddy being loaded in at any other time, its moisture content shall be no greater than 14.5%. When being loaded out, the late long-grain nonglutinous paddy

with moisture content less than or equal to 13.5% shall be loaded out in full quantity; the late long-grain nonglutinous paddy with moisture content greater than 13.5% shall be loaded out with a quantity addition of 0.2% for every 0.1% moisture content in excess of 13.5%, and the expenses arising from the quantity addition shall be assumed by the warehouse(s) (which only applies to Jiangxi, Hunan, Hubei, Anhui and other main production areas).

II. the late long-grain nonglutinous paddy with foreign material greater than 1.0% but less than or equal to 1.5% shall be loaded in (loaded out) with a quantity deduction (addition) of 0.5%; the late long-grain nonglutinous paddy with foreign material greater than 1.5% but less than or equal to 2.0% shall be loaded in (loaded out) with a quantity deduction (addition) of 1.0%.

III. the late long-grain nonglutinous paddy with chalkiness rate greater than 30% but less than or equal to 40% and the grain shape (aspect ratio) greater than or equal to 2.8 shall be delivered at a CNY 150 per metric ton discount.

Article 39 The fatty acid value and the yellow-colored rice rate of the late long-grain nonglutinous paddy being loaded in and loaded out shall satisfy the following requirements:

In terms of the late long-grain nonglutinous paddy being loaded in during the period from October 1st of each year to the March 31st of the next year, its fatty acid value shall be no greater than 19mg/100g (dry basis) and the yellow-colored rice rate shall be no greater than 0.3%; in terms of the late long-grain nonglutinous paddy being loaded in at any other time, its fatty acid value shall be no greater than 22mg/100g (dry basis) and the yellow-colored rice rate shall be no greater than 0.5%.

In terms of the late long-grain nonglutinous paddy being loaded out during the period from October 1st of each year to the March 31st of the next year, its fatty acid value shall be no greater than 22mg/100g (dry basis) and the yellow-colored rice rate shall

be no greater than 0.5%; in terms of the late long-grain nonglutinous paddy being loaded out at any other time, its fatty acid value shall be no greater than 25mg/100g (dry basis) and the yellow-colored rice rate shall be no greater than 0.7%.

When the late long-grain nonglutinous paddy covered by factory receipts is loaded out, its fatty acid value and the yellowed-colored rice rate shall satisfy the load-in quality requirements.

Article 40 The inspection on the chalkiness rate and grain shape (aspect ratio) of late long-grain nonglutinous paddy shall be conducted in accordance with the National Standard of the People's Republic of China, High Quality Paddy (GB/T17891-1999). The inspection on the fatty acid value of late long-grain nonglutinous paddy shall be conducted in accordance with the Guidelines for Evaluation of Paddy Storage Character (GB/T20569-2006).

Section 11 Medium to Short-Grain Nonglutinous Paddy

Article 41 Delivery unit: 20 metric tons.

Article 42 The delivery of medium to short-grain nonglutinous paddy shall be conducted in accordance with applicable national standards, relevant state regulations and these Detailed Rules.

Benchmark product for delivery: grade 2 medium to short-grain nonglutinous paddy conforming to the specifications of the National Standard of the People's Republic of China, Paddy (GB1350-2009) (hereinafter "National Standard for Medium to Short-Grain Nonglutinous Paddy") with chalkiness rate less than or equal to 30%.

Substitutes as well as premiums and discounts: the medium to short-grain nonglutinous paddy with the differences between its quality indicators and those for the benchmark delivery products satisfying the following regulations can be used as substitutes for delivery at a premium or discount:

I. the medium to short-grain nonglutinous paddy with husked perfect kernel and head rice yield satisfying the quality requirements for grade 1 and grade 3 medium to short-grain nonglutinous paddy specified in the National Standard for Medium to Short-Grain Nonglutinous Paddy can be used as substitutes for delivery. The grade 1 and grade 3 medium to short-grain nonglutinous paddy shall be delivered at a CNY 60 per metric ton premium and a CNY 80 per metric ton discount respectively.

II. when being loaded in, the medium to short-grain nonglutinous paddy with moisture content less than or equal to 14.5% shall be loaded in in full quantity; the medium to short-grain nonglutinous paddy with moisture content greater than 14.5% but less than or equal to 15.0% shall be loaded in with a quantity deduction of 0.2% for every 0.1% moisture content in excess of 14.5%. When being loaded out, the medium to short-grain nonglutinous paddy with moisture content less than or equal to 14.5% shall be loaded out in full quantity; the medium to short-grain nonglutinous paddy with moisture content greater than 14.5% but less than or equal to 15.0% shall be loaded out with a quantity addition of 0.2% for every 0.1% moisture content in excess of 14.5%, and the expenses arising from such quality addition shall be assumed by the warehouse(s).

III. the medium to short-grain nonglutinous paddy with foreign material greater than 1.0% but less than or equal to 1.5% shall be loaded in (loaded out) with a quantity deduction (addition) of 0.5%; the medium to short-grain nonglutinous paddy with foreign material greater than 1.5% but less than or equal to 2.0% shall be loaded in (loaded out) with a quantity deduction (addition) of 1.0%.

IV. the medium to short-grain nonglutinous paddy with chalkiness rate greater than 30% but less than or equal to 40% shall be delivered at a CNY 50 per metric ton discount; the medium to short-grain nonglutinous paddy with chalkiness rate greater than 40% shall be delivered at a CNY 100 per metric ton discount.

V. the medium to short-grain nonglutinous paddy with the rate of husked rice in paddy greater than 2.0% but less than or equal to 4.0% shall be delivered with no premium or discount (which only applies to Heilongjiang, Jilin and Liaoning provinces).

Article 43 The fatty acid value and the yellow-colored rice rate of the medium to short-grain nonglutinous paddy being loaded in and loaded out shall satisfy the following requirements:

In terms of the medium to short-grain nonglutinous paddy being loaded in during the period from October 1st (including the day, the same hereinafter) of each year to March 31st of the next year, its fatty acid value shall be no greater than 16mg/100g (dry basis) and the yellowed-color rice rate shall be no greater than 0.1%; in terms of the medium to short-grain nonglutinous paddy being loaded in at any other time, its fatty acid value shall be no greater than 19mg/100g (dry basis) and the yellowed-color rice rate shall be no greater than 0.3%.

In terms of the medium to short-grain nonglutinous paddy being loaded out during the period from October 1st of each year to March 31st of the next year, its fatty acid value shall be no greater than 19mg/100g (dry basis) and the yellowed-color rice rate shall be no greater than 0.3%; in terms of the medium to short-grain nonglutinous paddy being loaded out at any other time, its fatty acid value shall be no greater than 22mg/100g (dry basis) and the yellowed-color rice rate shall be no greater than 0.5%.

When the medium to short-grain nonglutinous paddy covered by factory receipts is loaded out, its fatty acid value and yellowed-color rice rate shall satisfy the load-in quality requirements.

Article 44 The inspection on the chalkiness rate of medium to short-grain nonglutinous paddy shall be conducted in accordance with the National Standard of the People's Republic of China, High Quality Rice (GB/T17891-1999). The

inspection on its fatty acid value shall be conducted in accordance with the Guidelines for Evaluation of Paddy Storage Character (GB/T20569-2006).

Section 12 Methanol

Article 45 Delivery unit: 10 metric tons.

Article 46 The delivery of methanol shall be conducted in accordance with applicable national standards and these Detailed Rules.

Benchmark product for delivery: high-class methanol conforming to the specifications of the National Standard of the People's Republic of China, Methanol for Industrial Use (GB338-2004), and there are no requirements for the indicator of mass fraction of ethanol.

Section 13 Flat glass

Article 47 Delivery unit: 20 metric tons.

Article 48 The delivery of flat glass shall be conducted in accordance with applicable national standards and these Delivery Rules.

Benchmark product for delivery: grade 1 colorless and transparent flat glass (no greater than 2m×2.44m) conforming to the specifications of the National Standard of the People's Republic of China, Flat Glass (GB11614-2009) (hereinafter "National Standard for Flat Glass") with the thickness of 5mm.

Substitutes as well as premiums and discounts: grade 1 colorless and transparent flat glass (no greater than 2m×2.44m) conforming to the specifications of the National Standard with the thickness of 4mm shall be used as substitutes for delivery with no premium and discount.

Section 14 Thermal Coal

Article 49 Delivery unit: 20,000 metric tons.

When the thermal coal used for delivery is received by ship, the overage and shortage in the weight of the thermal coal allowed for one ship shall be ± 500 metric tons (including 500 metric tons). If the overage and shortage in weight are within the range, the Exchange shall conduct clearing based on the actual weight of thermal coal. If the overage in weight is greater than 500 metric tons, the buyer and seller shall negotiate to find a way to dispose of the overage and conduct clearing by themselves; if the shortage in weight exceeds 500 metric tons, the seller shall replenish the quantity to the prescribed level; in case that the seller fails to make replenishment, the Exchange shall, when calculating the payment for the thermal coal, deduct twice of the payment for the shortage in excess of 500 metric tons, except otherwise the buyer and seller have reached an agreement separately.

If the shortage exceeds the prescribed limit, the weight of one ship when clearing shall be:

weight of one ship when clearing = prescribed receivable weight $- 500 - (\text{prescribed receivable weight} - 500 - \text{actual weight}) \times 2$.

Article 50 National standards shall apply to the inspection on the quality indicators of thermal coal for delivery.

Benchmark product for delivery: the net calorific value (as received basis) shall be 5500kc/kg, total sulphur (as dry basis) shall be less than or equal to 0.6%, volatile matter (as dry ash-free basis) shall be greater than or equal to 30% but less than or equal to 42%, ash content (as dry basis) shall be less than or equal to 30%, and total moisture content shall be less than or equal to 20%.

Substitutes as well as premiums and discounts: net calorific value (as received basis) shall be greater than or equal to 4800kc/kg, total sulphur (as dry basis) shall be less than or equal to 1%, volatile matter (as dry ash-free basis) shall be greater than or

equal to 30% but less than or equal to 42% and ash content (as dry basis) shall be less than or equal to 30%.

For the thermal coal with net calorific value (as received basis) equal to 5000kc/kg, the settlement price for payment for thermal coal (rounded to two decimal places) shall be given by:

the delivery price—90;

For the thermal coal with net calorific value (as received basis) greater than or equal to 4800kc/kg but less than 5300kc/kg, the settlement price for payment (rounded to two decimal places) shall be given by:

$(\text{the delivery price} - 90) / 5000 \times \text{actual caloric value}$

For the thermal coal with net calorific value (as received basis) greater than or equal to 5300kc/kg, the settlement price for payment (rounded to two decimal places) shall be given by:

$\text{the delivery price} / 5500 \times \text{actual caloric value}$

For the thermal coal with net calorific value (as received basis) greater than 6000kc/kg, the payment shall be calculated based on 6000kc/kg.

The thermal coal with total sulphur (as dry basis) greater than 0.6% but less than or equal to 1% shall be delivered at a CNY 4 per metric ton discount for every 0.1% (rounded to one decimal place) total sulphur (as dry basis) in excess of 0.6%.

The thermal coal with total moisture content greater than 20% shall be delivered with a weight deduction of the moisture content (rounded to one decimal place) in excess of 20% (for instance, the thermal coal with 21.32% total moisture shall be delivered with a weight deduction of 1.3%).

Section 15 Ferrosilicon

Article 51 Delivery unit: 5 metric tons (net weight)¹.

Article 52 The delivery of ferrosilicon shall be conducted in accordance with applicable national standards and these Detailed Rules.

Benchmark product for delivery: FeSi75-B ferrosilicon (silicon content shall be greater than or equal to 72.0%, phosphorus content shall be less than or equal to 0.04%, sulphur content shall be less than or equal to 0.02% and carbon content shall be less than or equal to 0.2%) conforming to the specifications of the National Standard of the People's Republic of China, Ferrosilicon (GB/T 2272-2009) with grain size between 10mm and 60mm, and there are no requirements for manganese content and chromium content; the sieved underflow and overflow shall be no greater than 5% and 8% respectively.

Article 53 The ferrosilicon for delivery shall be packed in double-layer plastic woven bags with reinforced belts wrapped in the middle of the bags. The packing bags shall be printed with the information on product name, product grade, implementation standard and the name of the manufacturer. The net weight of one bag shall be 1000±10 kilograms.

The ferrosilicon for delivery shall be cleared as per the net weight. The weight of packing materials (2.5 kilograms/ one piece) shall be deducted from the gross weight, and the contract price shall include the price of packing materials.

Section 16 Manganese Silicon

Article 54 Delivery unit: 5 metric tons (net weight)².

¹ The contracts listed after the SF1901 contract (including the contract) shall be applicable to this delivery unit.

² The contracts listed after the SF1901 contract (including the contract) shall be applicable to this delivery unit.

Article 55 The delivery of manganese silicon shall be conducted in accordance with applicable national standards and these Detailed Rules.

Benchmark product for delivery: FeMn68Si18 manganese silicon (manganese content shall be greater than or equal to 65.0%, silicon content shall be greater than or equal to 17.0%, carbon content shall be less than or equal to 1.8%, phosphorus content shall be less than or equal to 0.25% and sulphur content shall be less than or equal to 0.04%) conforming to the National Standard of the People's Republic of China, Manganese Silicon (GB/T 4008-2008) with grain size between 10mm and 60mm, and the sieved underflow and overflow shall not be no greater than 5% and 8% respectively.

Article 56 The manganese silicon for delivery shall be packed in double-layer plastic woven bags with reinforced belts wrapped in the middle of the bags. The packing bags shall be printed with the information on product name, product grade, implementation standard and the name of the manufacturer. The net weight of one bag shall be 1000 ± 10 kilograms.

The manganese silicon for delivery shall be cleared as per the net weight. The weight of packing materials (2 kilograms/one piece) shall be deducted from the gross weight, and the contract price shall include the price of packing materials.

Section 17 Cotton Yarn

Article 57 Delivery unit: 20 metric tons (conditioned weight). The cotton yarn in the same delivery unit shall be produced by the same manufacturers and be in the same production batches.

Article 58 The delivery of cotton yarn shall be conducted in accordance with applicable national standards and these Detailed Rules.

Benchmark product for delivery: 18.5tex (32Nec) carded grey cotton yarn on cone with linear density equal to 18.5tex, cotton fiber content equal to 100%, single yarn

breaking tenacity greater than or equal to 15.0cN/tex, single yarn breaking force variation coefficient less than or equal to 9.0%, coefficient of unevenness less than or equal to 16.0%, the number of -50% thin places (thinner than -50% of the average yarn diameter) per 1000m of yarn less than or equal to 25, the number of +50% thick places (thicker than 50% of the average yarn diameter) per 1000m of yarn less than or equal to 340, the number of +200% neps (thicker than +200% of the average yarn diameter) per 1000m of yarn less than or equal to 520, the number of faults per 100,000m of yarn less than or equal to 10, weight deviation per 100m of yarn equal to $\pm 2.0\%$, variation coefficient of weight deviation per 100m of yarn less than or equal to 2.2%, twist factor equal to 300-420 and foreign fiber content less than or equal to 80 places per 20kg.

Article 59 Substitutes as well as premiums and discounts: the cotton yarn with foreign fiber content conforming to the following specifications can be used as substitutes for delivery with premiums and discounts.

The cotton yarn with foreign fiber content greater than 80 places/20kg but less than or equal to 100 places/20kg shall be delivered at a discount of 2% of the delivery price per metric ton; the cotton yarn with foreign fiber content greater than 100 places/20kg but less than or equal to 120 places/20kg shall be delivered at a discount of 3% of the delivery price per metric ton; the cotton yarn with foreign fiber content greater than 120 places/20kg shall be delivered at a discount of 1% of the delivery price per metric ton for every 10 places/20kg of foreign fiber content in excess of 120 places/20kg; the cotton yarn with additional foreign fiber content less than 10 places/20kg shall be delivered at the same discount as the cotton yarn with additional foreign fiber content equal to 10 places/20kg. The foreign fiber content of the deliverable cotton yarn shall be no greater than 200 places/20kg.

Article 60 Among the quality indicators of cotton yarn, the definition and test method of cotton fiber content shall conform to the specifications prescribed by the National Standard of the People's Republic of China for Textile Industry, Test Method for

Identification of Textile Fibers (FZ/T01057-2007), and the definition and test method of foreign fiber content shall conform to the Foreign Fiber Test Specifications for Cotton Yarn Futures. Other quality indicators of cotton yarn shall conform to the specifications of the National Standard of the People's Republic of China, Cotton Grey Yarn (GB/T398-2008).

Specific requirements for the test instruments and test methods used in the determination of the single yarn breaking tenacity, single yarn breaking force variation coefficient, linear density, number of faults per 100,000m of yarn, number of -50% thin places per 1000m of yarn, number of +50% thick places per 1000m of yarn and number of +200% neps per 1000m of yarn stipulated in the Foreign Fiber Test Specifications for Cotton Yarn Futures and the above standards shall be announced by the Exchange separately.

Article 61 The packing of cotton yarn for delivery shall conform to the specifications of the National Standard of the People Republic of China for Textile Industry, Marking and Packing of Grey Cotton, Pure Chemical Fiber Spun Yarn and Blended Yarn (FZ/T10008-2009). The packing of the deliverable cotton yarn in the same batch of one client shall be the same.

Cotton yarn for delivery shall be packed in paper tubes, bags with plastic lining and/or plastic woven bags which are wrapped with reinforced belts in the middle of the bags and shall be sewed by special strings for packing. Cone yarn shall be baled based on the net weight which is determined when the value of moisture regains equals that of conventional moisture regains, and the net weight per bag shall be 25kg with error no greater than $\pm 0.2\%$. The paper tubes shall have no changes in their shapes, and the tubes ends shall be in the same colors for the same batch and the colors shall not be easy to fade and contaminate the yarn. The bags with plastic lining and the plastic woven bags shall not be broken after being filled up with yarn. The bags of the cone yarn shall be bundled tightly without the exposure of cone yarn and shall satisfy the requirements for loading and transportation.

Section 18 Apple

Article 62 Delivery unit: 20 metric tons.

Article 63 The delivery of apples shall be conducted in accordance with applicable national standards, relevant national regulations and these Detailed Rules.

Benchmark product for delivery: grade 1 and higher grade Fuji apple conforming to the specifications of the National Standard of the People's Republic of China, Fresh apple (GB/T 10651-2008) (hereinafter "National Standard for Fresh Apple") with fruit width greater than or equal to 80mm, fruit width tolerance no greater than 5% and quality tolerance no greater than 10% (the total proportion of disqualified apples with wounds caused by insects, rub, impact and puncture shall be no greater than 8%).

Substitutes as well as premiums and discounts:

I. grade 1 and higher grade Fuji apple conforming to the specifications of the National Standard for Fresh apple with fruit width greater than or equal to 80mm, fruit width tolerance no greater than 5% and quality tolerance greater than 10% but less than or equal to 15% (the total proportion of disqualified apples with wounds caused by insects, rub, impact and puncture shall be no greater than 10%). These substitutes shall be delivered at a discount of CNY 400 per metric ton.

II. grade 1 and higher grade Fuji apple conforming to the specifications of the National Standard for Fresh apple with fruit width greater than or equal to 75mm but less than 80mm, fruit width tolerance no greater than 5% and quality tolerance no greater than 10% (the total proportion of disqualified apples with wounds caused by insects, rub, impact and puncture shall be no greater than 8%). These substitutes shall be delivered at a discount of CNY 1500 per metric ton.

III. grade 1 and higher grade Fuji apple conforming to the specifications of the National Standard for Fresh apple with fruit width greater than or equal to 75mm but

less than 80mm, fruit width tolerance no greater than 5% and quality tolerance greater than 10% but less than or equal to 15% (the total proportion of disqualified apples with wounds caused by insects, rub, impact and puncture shall be no greater than 10%). These substitutes shall be delivered at a discount of CNY 2000 per metric ton.

Article 64 The fruit firmness of the apples to be loaded in/out shall meet the following requirements:

I. for the apples loaded in during October 1 of a year to February 20 (including the day) of the next year, fruit firmness shall be no less than 7kgf/cm^2 ; and for the apples loaded in other than the period, fruit firmness shall be no less than 6.5kgf/cm^2 .

II. for the apples loaded out during October 1 of a year to February 20 (including the day) of the next year, fruit firmness shall be no less than 6.5kgf/cm^2 ; and for the apples loaded out other than the period, fruit firmness shall be no less than 6kgf/cm^2 .

The apples delivered through board delivery shall satisfy the load-out firmness requirements for apples.

Article 65 The weight of apples for delivery shall be spot-checked by weighing random baskets (boxes) and be calculated according to the following formula:

$$\text{weight of apples for delivery} = \frac{(\text{total gross weight of the spot-checked apples with containers} - \text{total weight of the containers of the spot-checked apples})}{\text{number of the spot-checked piece} \times \text{number of all pieces}}$$

The containers of deliverable apples of one client shall be the same.

Chapter 3 Benchmark Delivery Price, Premiums and Discounts

Article 66 Benchmark delivery prices of the Exchange's listed futures contracts shall be as follows:

Benchmark delivery price of common wheat shall be the settled tax-inclusive prices (excluding expenses of packing materials) when the benchmark commodities have been delivered at a delivery valuation point or on the buyer's truck or ship board at a designated delivery warehouse.

Benchmark delivery prices of strong gluten wheat, No. 1 cotton and white sugar shall be the settled tax-inclusive prices when the benchmark commodities have been delivered at the benchmark delivery warehouses.

Benchmark delivery prices of PTA and methanol shall be the settled tax-inclusive prices when the benchmark commodities have been loaded out of the benchmark delivery warehouses through FOT delivery.

Benchmark delivery price of rapeseed shall be the settled tax-inclusive prices (including expenses of packing materials) when the benchmark commodities have been delivered at a delivery valuation point or have been loaded out of a benchmark delivery warehouse through FOT delivery.

Benchmark delivery price of rapeseed oil shall be the settled tax-inclusive prices when the benchmark commodities have been loaded out of a benchmark delivery warehouse through board delivery.

Benchmark delivery price of rapeseed meal, ferrosilicon and manganese silicon shall be the settled tax-inclusive prices (including expenses of packing materials) when the benchmark commodities have been loaded out of the benchmark delivery warehouses.

Benchmark delivery price of early long-grain nonglutinous paddy, late long-grain nonglutinous paddy and medium to short-grain nonglutinous paddy shall be the settled tax-inclusive prices (excluding expenses of packing materials) when the benchmark commodities have been delivered in bulk at the benchmark warehouses.

Benchmark delivery price of flat glass shall be the settled tax-inclusive prices when the benchmark commodities without packing materials have been loaded out of a benchmark delivery place through FOT delivery.

Benchmark delivery price of thermal coal shall be the settled tax-inclusive prices when the benchmark commodities have been delivered through board delivery at a benchmark delivery place.

Benchmark delivery price of cotton yarn shall be the settled tax-inclusive price (including expenses of packing materials) when the benchmark commodities have been loaded out of a benchmark delivery place through FOT delivery.

Benchmark delivery price of apples shall be the settled tax-inclusive prices (including expenses of packing materials) when the benchmark commodities have been delivered in bulk at a delivery valuation point or a benchmark delivery warehouse through FOT delivery.

Article 67 Warehouses, factories, designated delivery valuation points as well as premiums and discounts shall be approved and announced by the Exchange.

Article 68 Pricing standard for the overage and shortage in the weight of the underlying commodity of a common registered receipt shall be announced annually by the Exchange.

The amount of premiums and discounts of substitutes, premiums and discounts of commodities stored at different warehouses or factories, and payments for weight overage and shortage of commodities covered by common registered receipts shall be transferred when the registered receipts are registered or cancelled. The relevant special VAT invoices shall be issued by the registrants to the de-registrants of registered receipts. The warehouses or factories shall be responsible for supervising over the above procedures and shall charge deposits as per applicable VAT rates, and the deposits shall be returned after the VAT invoices are issued.

Chapter 4 Delivery Procedure

Article 69 Delivery matching principles for the Exchange listed contracts of common wheat, strong gluten wheat, cotton, rapeseed, thermal coal, medium to short-grain nonglutinous paddy, methanol, flat glass, white sugar, ferrosilicon, cotton yarn and apple before the last trading day shall be:

I. from the first trading day of the delivery month to the day before last trading day of the delivery month, the selling member who hold delivery month contracts and also hold corresponding registered warehouse receipts or corresponding commodities which are available to be delivered by board delivery, or non-registered cotton yarn warehouse receipts³ may submit delivery intentions through member service system before 2:30 p.m. on each trading day according to the following circumstances:

³ The cotton yarn covered by non-registered warehouse receipts shall refer to the cotton yarn manufactured by designated delivery factories but not used to register registered warehouse receipts of the Exchange.

1. when submitting delivery intentions for registered warehouse receipts, the seller is required to provide corresponding information on registered warehouse receipts at the same time;

2. when submitting delivery intentions for board delivery, the seller is required to provide corresponding information on the commodities for delivery at the same time. In terms of common wheat and rapeseed, such information shall include product name, grade, quantity, crop year, delivery valuation point and storage location, etc.; in terms of thermal coal, such information shall include delivery quantity, delivery point (specific to one company at port), net calorific value (as received basis), gross calorific value (as dry basis), total sulphur (as dry basis), volatile matter (as dry basis), total moisture, ash content (as dry basis), ash fusibility, class of coal (for mixed coal, the class of the coal being mixed in shall be stated), place of production and the inspection report for the batch of thermal coal; in terms of apple, such information shall include product name, fruit width, grade, place of production, quantity, delivery valuation point, etc.

3. when submitting delivery intentions for the cotton yarn covered by non-registered factory receipts, the seller is required to provide corresponding information on the cotton yarn for delivery at the same time, which shall include linear density, single yarn breaking tenacity, single yarn breaking force variation coefficient, coefficient of unevenness, the number of -50% thin places per 1000m of yarn, the number of +50% thick places per 1000m of yarn, the number of +200% neps per 1000m of yarn, the number of faults per 100,000m of yarn, weight deviation per 100m of yarn, variation coefficient of weight deviation per 100m of yarn, twist factor, foreign fiber content, conditioned weight (which shall be an integral multiple of 20 metric tons), manufacturing factory, contact information and delivery point (which shall be the manufacturing factory only); and the applicant shall voluntarily propose reasonable premiums and discounts as per the delivery price.

II. the buying members may respond to the selling member's delivery intention through the member service system. The delivery intention shall be deemed as confirmed once the buying members responded and shall not be cancelled by either party. The selling member shall cancel the delivery intention before 2:30 p.m. on the day of submission if no buying member responds; in terms of the products other than apple, the delivery intentions not being cancelled shall be determined as invalid automatically.

III. the Exchange shall match the parties based on the confirmed delivery intention after the market close on the day.

For the delivery intentions of apple contracts which are not responded by the buying members, the Exchange shall, after the market close of the day, match the intentions with the positions of the buying members, and such positions shall be determined based on the principle of preferentially selecting the oldest positions held by legal persons, and the delivery intentions for board delivery shall be matched prior to those for warehouse delivery.

Article 70 Matching principles of common wheat, strong gluten wheat, cotton, rapeseed, thermal coal, medium to short-grain nonglutinous paddy, methanol, flat glass, white sugar, ferrosilicon, cotton yarn and apple on the last trading day shall be:

I. there shall be no trading activities allowed after 1:30 p.m. on the last trading day. In the case that a client holds both long and short delivery month positions of the same products under the same member, the liquidation shall be automatically imposed by the Exchange after market close if the client does not submit the application for non-automatic liquidation, and the liquidation price shall be equal to the settlement price of the day. All unliquidated contracts must fulfill the physical delivery obligations.

II. before 1:30 p.m. of the last trading day, the seller shall submit the delivery intentions. The seller of the commodities intended to be delivered through board delivery shall provide related commodity information when submit board delivery intentions. The seller shall voluntarily publish the information of the receipts intended to be delivered. If the seller fails to do so, the Exchange shall publish the seller's all negotiable registered warehouse receipts of delivery products at 1:30 p.m. for the buyer to select; the positions covered by the registered receipt selected by the buyer from the seller's negotiable registered warehouse receipts shall not exceed the open positions held by the seller in the corresponding futures contract. If the seller fails to submit the board delivery intention or the information of commodities intended to be delivered by board delivery, the Exchange shall treat the seller's delivery intention as registered warehouse receipt delivery.

III. from 1:30 p.m. to 2:30 p.m., the buyer shall select and confirm the selection of the seller's published registered receipt based on the information on registered receipt and board delivering commodities provided by the seller. In the case that the seller's board delivery intentions are not selected by any buyer, then such intention shall still go through the board delivery process.

IV. the Exchange shall match the parties based on the confirmed delivery intentions after the market close of the day. The unmatched positions shall be matched automatically by the computer system as per the principles of board-delivery positions matched prior to the warehouse-receipt-delivery positions, rounding up and minimum marched pairs.

Non-registered cotton yarn factory receipts shall not be matched for delivery on the last trading day.

Article 71 Matching principles of PTA, rapeseed oil, rapeseed meal, early long-grain nonglutinous paddy and late long-grain nonglutinous paddy:

I. from the first trading day to the trading day preceding the last trading day of the delivery month, a selling member who holds delivery month contracts and registered receipts may submit delivery intentions through member service system during any trading hour before 2:30 p.m. on each trading day.

II. the buying members shall respond to the selling member's delivery intention through the member service system. The selling member shall cancel the delivery intention before 2:30 p.m. on the day of submission if no buying member responses, and the delivery intention not being cancelled shall be determined as invalid automatically by computer system. The delivery intention shall be deemed as confirmed once the buying member makes a response and shall not be cancelled by either party. After the market close of the current day, the Exchange will, in accordance with the principle of minimum matched pairs, match the delivery intention based on the open positions of the buyer and seller, the positions for delivery confirmed by the buyer and seller and the positions covered by the registered warehouse receipts of the seller.

III. the corresponding long and short positions of delivery month established under the same trading code of the same client through the same member will be liquidated by the Exchange's computer system automatically after the market close of the last trading day, and the liquidation price shall be equal to the settlement price of the last trading day; other open contracts shall be matched as delivery contracts by the computer system as per the principle of rounding up and minimum matched pairs.

IV. when PTA futures contracts are matched for delivery on the last trading day, the registered bonded receipts of PTA used for delivery shall be allocated to overseas buyers preferentially. Where the positions for delivery held by the overseas buyers are less than or equal to the number of PTA registered bonded receipts, then all the overseas buyers can get registered bonded receipts. Where the positions for delivery held by the overseas buyers are greater than the number of registered bonded receipts, the registered bonded receipts shall be allocated to the overseas buyers holding

positions for a longer time in priority. The remaining unmatched positions and undistributed registered receipts shall be matched by the computer system as per the principle of rounding up and minimum matched pairs.

Article 72 After the positions to be delivered by means of registered warehouse receipts are matched, the seller's corresponding registered warehouse receipts shall be frozen and corresponding trading margin shall be released. In terms of the cotton yarn to be delivered through board delivery or covered by non-registered warehouse receipts, the seller's trading margin shall not be released.

Article 73 The buyer and seller shall not adjust or change the delivery relationship without authorization once the relationship is confirmed.

Article 74 The buyer and seller shall confirm the Delivery Notice on the trading day following the matching day (the notice day) through the Exchange's member service system. In case that a member does not receive the Delivery Notice or has any objection to the Delivery Notice, the member shall notify the Exchange in writing before 5:00 p.m. on the notice day; in case that no objection is raised within a prescribed time period, the member shall be deemed to have confirmed the Delivery Notice.

Article 75 The clearing procedures for the delivery of registered warehouse receipts shall be:

I. the buying member shall remit the full payment to the Exchange's account before 9:00 a.m. on the delivery day (aka. the day following by the notice day), and the selling member shall hold negotiable registered warehouse receipts. The Clearing Department of the Exchange shall provide the delivery clearing service to the buyer and seller, and the buyer and seller may check the result of delivery clearing through the member service system within the time period stipulated in Delivery Notice. Meanwhile, the buying member shall provide information including client name and

tax registration number to the selling member. In the case of PTA bonded delivery, the selling member shall submit the normal VAT invoice to the Exchange.

II. after receiving full payment from the buying member, the Exchange shall transfer 80% of the payments to the selling member on delivery day and transfer the selling member's registered warehouse receipts to the buying member. The rest of payments shall be transferred after the buying member confirms the receipt of the special VAT invoice from the selling member. In the case of PTA bonded delivery, the selling member shall submit normal VAT invoice to the Exchange on the delivery day. In case that the selling member fails to submit the invoice before market close of the 7th business days after the delivery day, the Exchange shall impose default fine or late fee in accordance with these Detailed Rules. The members shall deliver invoices and clear the rest of payments in accordance with these Detailed Rules.

III. in case that an overseas buyer is matched with a seller holding PTA duty-paid receipts, the Exchange shall be responsible for organizing an auction for the duty-paid receipts. The profits/losses and expenses arising from the auction shall be borne by the overseas buyer. If the auction is unsuccessful, the overseas buyer shall pay 20% of the payments for commodities as compensation to the seller.

Article 76 The clearing procedures for board delivery shall be:

I. the buying member shall remit full payments for commodities (excluding the margin of the delivery month) to the Exchange's account before 9:00 a.m. on the trading day following the notice day.

II. the buyer and the seller shall negotiate about the board delivery issues and complete the delivery within a prescribed time period after the notice day. The details of board delivery are described in Chapter 5 of these Detailed Rules.

III. the Exchange shall, from the matching day to the day following the last trading day, conduct clearing based on the results confirmed by the seller and buyer.

1. in case that the Exchange is appointed to conduct clearing for both parties, the seller shall render the information on quantity and quality of the commodities for delivery, issuance of VAT invoice and payments for the commodities, and the buyer shall confirm these information within the current day. If having any objection to the information, the buyer shall submit valid supporting materials within three (3) trading days after the seller renders the information (including the day). In case that the buyer fails to submit valid supporting materials within the prescribed time period, the Exchange's computer system shall confirm the information automatically. The Exchange shall, in accordance with the results confirmed by the buyer and seller, remit funds and release the balance of the buyer and seller. The circulation of VAT invoice shall follow the provisions in Chapter 6 of these Detailed Rules.

2. in case that both parties do not appoint the Exchange to conduct clearing, the Exchange shall return both parties' trading margins and the buyer's payments. The delivery shall be terminated.

Article 77 The clearing procedures for the delivery of the cotton yarn covered by non-registered factory receipts shall be as follows:

I. the buying member shall remit 100% of payments for commodities (exclude the margin of the delivery month) to the Exchange's account before 9:00 a.m. on trading day following the notice day.

II. within three (3) trading days after the notice day (including the day), the buyer and seller shall negotiate about the issues on the delivery of the cotton yarn covered by non-registered factory receipts, determine the clearing method, delivery method, delivery time, etc. and sign the Agreement on Factory Delivery of Cotton Yarn. The scheduled delivery time determined by both parties shall not exceed the last delivery

day, namely the last calendar day of delivery month (including the day). The delivery shall be made at the factory which produces the batch of cotton yarn. The buyer shall submit the Confirmation Form for Factory Delivery of Cotton Yarn through the member service system before 1:30 p.m. on the 3rd trading day. The information stated on the Confirmation Form for Factory Delivery of Cotton Yarn shall be negotiated and confirmed by both parties. The selling member shall confirm the Confirmation Form before 3:00 p.m. on the current day. In case that the buyer fails to submit or the seller fails to confirm the Confirmation Form, the defaulting party shall pay a penalty of 20% of the value of the corresponding contracts (the value shall be calculated based on the delivery price when matching) to the other party, and then the delivery shall be terminated.

The buyer and seller shall conduct an on-site inspection on the quality and quantity of the commodities before the consignment of the deliverable commodities. In case that the buyer has no objection to the inspection results, the buyer and the seller shall sign the Confirmation Form for Factory Delivery of Cotton Yarn which shall serve as the basis for the quality determination of cotton yarn. The buyer may apply to the Exchange for quality inspection if having objections to the commodities' quality and shall prepay the expenses for such inspection. The inspection agency shall issue inspection results and inform the Exchange in writing within ten (10) business days after receiving the inspection notice from the Exchange (excluding the day), and then the Exchange shall notify the buyer and seller. The inspection results shall serve as the basis for the settlement of disputes. If the inspection results are consistent with the information on deliverable commodities submitted by the seller, the commodities shall be transported away from the factories normally, and the inspection costs and other relevant fees shall be borne by the buyer. If the inspection results are inconsistent with the information on deliverable commodities submitted by the seller, the buyer and the seller shall settle the disputes through negotiation within three (3) business days after receiving the inspection results from the Exchange (excluding the day). In case that the disputes cannot be settled through negotiation, the seller shall

assume relevant costs and pay a penalty of 20% the value of the corresponding contracts (the value shall be calculated based on delivery price when matching) to the buyer, and then the delivery shall be terminated.

III. in case that the delivery is completed before the last delivery day, the Exchange shall, from the matching day to the day following the last trading day, conduct clearing in accordance with the results confirmed by the buyer and seller in the member service system. The specific procedures shall be executed in accordance with relevant regulations under item III of Article 76 of these Detailed Rules.

IV. in case that the delivery is still not completed on the last delivery day, the specific procedures shall be executed in accordance with Article 90 of these Detailed Rules.

Article 78 Delivery price shall be the arithmetic mean of the settlement prices of the ten (10) trading days preceding the matching day (including the day).

Chapter 5 Board Delivery

Article 79 The storage facilities which are used by a seller to make board delivery shall meet the following requirements:

I. being located at a place with smooth access and where a 30-metric ton truck can passing through smoothly;

II. having weighing facilities that are in good condition, and the weighing apparatus shall be qualified by the national qualified technical supervision organizations and the

maximum weight weighed by the apparatus shall be no less than 60 metric tons within the validity period of the qualification;

III. having strong loading capability, and the daily delivery speed shall not be less than 300 metric tons per day (except otherwise the buyer and seller have reached an agreement separately);

IV. having necessary inspection equipment to test the quality of commodities rendered for delivery, and such equipment shall meet the requirements of national standard inspection and operate well.

If the storage facilities of the seller fail to meet the requirements above, then the liabilities incurred shall be borne by the seller.

Article 80 Within three (3) trading days after the notice day (including notice day), the buyer and seller shall negotiate about the board delivery issues, determine the clearing method, delivery point, delivery method, delivery time, etc. and sign the Agreement on Board Delivery. The buyer shall submit the Confirmation Form for Board Delivery through the member service system before 1:30 p.m. on the 3rd trading day. The information in the Confirmation Form for Board Delivery shall be consistent with the regulations of these Detailed Rules and be negotiated and agreed by the buyer and seller, or the Exchange shall regard that no Confirmation Form is received from the buyer and seller. The selling member shall confirm the Confirmation Form before 3:00 p.m. on the current day. In case that the buyer fails to submit or the seller fails to confirm the Confirmation Form, it shall be deemed as breach of contract, and such situation shall be dealt with pursuant to relevant provisions in Chapter 9 of these Detailed Rules.

Article 81 The delivery of apples shall be conducted at the delivery valuation points. The buyer of the product other than apple shall be entitled to take delivery at either the seller's storage points or the delivery valuation points. If the buyer and seller have

reached an agreement, they can arrange the delivery pursuant to the agreement; if no such agreement has been made, the buyer may choose a delivery valuation point when filling in the Confirmation Form for Board Delivery, and the seller shall follow the buyer's requests to deliver the commodities.

Article 82 The buyer of thermal coal shall have the right to inspect the quality of the commodities rendered for delivery before the consignment of the commodities and shall pay relevant inspection costs. The designated inspection agency shall adopt coal flow sampling and issue formal inspection report. If such report shows that the quality of the commodities fail to satisfy the delivery standard, the seller shall be deemed as in default, except otherwise the buyer and seller have reached a consensus after negotiation; if such report shows that the quality of the commodities is consistent with the delivery standard or the buyer does not ask for inspection, the commodities shall be consigned from the storage facilities as scheduled.

When the product other than thermal coal is delivered at delivery valuation points, the buyer and seller shall, within three (3) business days after having confirmed the Confirmation Form for Board Delivery, contact the designated delivery warehouse at the delivery valuation point or other delivery facilities to sign the transit agreement and arrange the delivery.

Article 83 If the buyer decides to receive thermal coal by trucks, the trucks shall arrive at the storage facility within seven (7) business days from the notice day (including the day); if the buyer decides to receive thermal coal by ships, all of the buyer's ships or first batch of ships shall arrive at designated delivery port within seven (7) business days from the notice day (including notice day); if the port cannot be used to deliver the thermal coal because of force majeure, the delivery shall be deferred. The buyer shall timely notify the seller in writing (by fax with the buyer's official stamp) when the trucks or ships have arrived at designated location, and the seller shall, upon receipt of the buyer's such notice, submit delivery application to the designated port within one (1) calendar day (excluding the day).

In terms of the product other than thermal coal, the buyer and seller shall start delivering the commodities within three (3) days from the day when the transit agreement is reached (including the day). The seller shall, as per the requirement of daily delivery speed, make sure the commodities can arrive at the designated warehouse of the delivery valuation point or other designated locations within scheduled time. The buyer shall complete quality inspection on the commodities within twenty-four (24) hours after the commodities arrive and shall transport the commodities away within twenty-four (24) hours after confirming that the commodities are of acceptable quality. If the buyer fails to transport the commodities away for personal reasons, the seller shall not be liable for the quality issues incurred. Where there is a large quantity of commodities to be delivered, the seller may deliver the commodities into the warehouse in batches (no less than 20 metric tons per day for apple, no less than 300 metric tons per day for common wheat and rapeseed, except other agreements have been reached separately), and the buyer may inspect and receive the commodities in batches as well.

The seller shall pay all the costs resulting from transit at delivery valuation point(s). Where temporary storage incurred during the whole delivery process, the storage charges shall be borne by the seller.

The designated warehouse at delivery valuation point and other delivery facilities shall only provide services of delivery transit, storage and quality inspection and shall not be liable for the quality changes arising during temporary storage.

Article 84 The quality inspection of the thermal coal delivered through board delivery shall be conducted when the thermal coal is loaded into the trucks (ships). The buyer shall choose and the seller shall appoint an inspection agency designated by the Exchange to conduct inspection by adopting coal flow sampling, except otherwise the buyer and seller have reached an agreement separately. After sampling and sample preparation, the sampled coal shall be divided into four samples which shall be signed by the buyer, seller and inspection agency and sealed up afterwards.

In terms of the product other than thermal coal, the buyer shall conduct an on-site inspection on the quality of the commodities before consignment, and the seller shall be cooperative during the process. The buyer and seller of common wheat and rapeseed shall jointly conduct sampling in accordance with applicable national standards and divide the sampled products into two samples and conduct inspection on one of them on the spot or at a place accepted by both parties; and the other sample shall be signed by both parties and sealed up afterwards, serving as a sample for re-inspection when disputes over quality occur.

In case that the buyer and seller have no objection to the inspection results, such results shall be served as the basis for determining quality specifications. If the buyer and seller have objections to the results, they shall settle the quality disputes through negotiation. In case that the disputes between the buyer and seller of thermal coal cannot be settled through negotiation, they shall apply to the Exchange for re-inspection in writing within five (5) business days after the day receiving inspection results (excluding the day) and pay the relevant costs in advance. If no application for re-inspection is received by the Exchange, it shall be deemed that both parties have agreed on the results. There is only one chance for the application for re-inspection, and the quality indicators of thermal coal allowed to be re-inspected shall be limited to net calorific value (as received basis), total sulphur (as dry basis), volatile matter (as dry ash-free basis) and ash content (as dry basis), and the total moisture content given by the first inspection results shall be used when the net calorific value (as received basis) is re-calculated. The re-inspection agency shall be designated by the Exchange and only inspect the reserved sample. The re-inspection agency shall issue re-inspection results and notify the Exchange in writing within three (3) business days after receiving the re-inspection notice (excluding the day), and then the Exchange shall notify the party raising objections. The re-inspection results shall serve as the basis for disputes settlement. The defaulting party shall bear the costs of re-inspection.

Any dispute arising between the buyer and seller of apples shall be settled through negotiation first. If such disputes cannot be settled through negotiation, the buyer or seller shall apply to the Exchange for re-inspection and list the quality indicators required to be re-inspected before the deliverable commodities leave the designated delivery facilities, and the party submitting the re-inspection application shall pay relevant expenses (inspection costs and travel expenses) in advance. The re-inspection agency shall be designated by the Exchange and shall issue re-inspection results within five (5) business days after receiving the re-inspection notice (excluding the day). The re-inspection results shall serve as the basis for disputes settlement. The defaulting party shall bear the costs of re-inspection. If the grade of quality tolerance stated on the re-inspection result is higher than or equal to that indicated on the board delivery information, then the latter shall prevail, and the re-inspection costs and relevant fees shall be borne by the party raising up the objection. If the grade of quality tolerance stated on the re-inspection result is lower than that indicated on the board delivery information but within the range of delivery standard, then the former shall prevail and the buyer shall accept the result, and the re-inspection costs and relevant fees shall be borne by the seller.

In case any dispute arises between the buyer and seller of the product other than thermal coal and apple, the buyer and seller shall notify the Exchange in time. The two parties shall jointly mail the sample for re-inspection to the inspection agency designated by the Exchange or other agencies accepted by both parties for re-inspection. The re-inspection results shall serve as the basis for the quality determination of the commodities. The buyer and seller shall jointly bear the re-inspection costs and the postal fee.

Article 85 When the delivery of common wheat and rapeseed is conducted at the storage facility where the seller's commodities for delivery are stored, the buyer and seller may lock up or affix seals on the storage facility or on the commodities after the inspection has been finished. The seller shall ensure ventilation and relocate the

commodities during the storage of commodities, and the buyer shall arrive at the seller's storage facility to cooperate with the seller within twenty-four (24) hours after receiving the seller's notice. The seller shall be liable for storing the commodities which have not been consigned. The buyer shall be entitled to request for re-sampling or re-inspecting the commodities in case that the commodities are dampened and molded because of improper storage, and the seller shall not refuse such request.

Article 86 If the quantities of common wheat, rapeseed and apples that have not been delivered fail to meet the delivery standards, the seller shall replace them in time. In case that the seller fails to replace the commodities, the buyer and seller shall find a solution through negotiation. If the buyer and seller cannot reach an agreement, the commodities shall be disposed according to relevant provisions in Chapter 9 of these Detailed Rules. The final quantity of commodities shall be determined by the weighted mean of the quantity in every inspection result and the quantity of commodities having been transported.

After inspection, the two parties shall sign the Confirmation Form of Quality Inspection, which shall serve as the basis for the quality determination of the commodities and the premium and discount charges.

Article 87 The inspection on thermal coal weight shall be conducted by the inspection or measurement agency designated by the Exchange, except that the buyer and seller have reached an agreement. Where the buyer receives the thermal coal by ships, the weight of the thermal coal shall be measured by water gauge. If cannot being measured by water gauge, then weight shall be measured by truck scale or belt scale chosen by the Exchange's authorized inspection agencies; where the buyer receives the thermal coal by trucks, the weight shall be measured by truck scale. After the thermal coal is loaded into trucks (ships), the inspection or measurement agency shall issue certificate of truck (ship) weight, which shall serve as the basis for determining the weight of thermal coal rendered for delivery.

Before the products other than thermal coal are dispatched, the buyer shall be present to supervise the loading and delivery process of commodities, and the seller shall arrange sufficient manpower and equipment to ensure normal delivery. For the common wheat and rapeseed to be delivered, weight shall be measured by truck scale at the place of delivery or other weighing methods accepted by the buyer and seller. For apples to be delivered, weight shall be spot-checked by weighing random baskets (boxes) at the place of delivery or other methods accepted by the buyer or seller.

The buyer and seller shall be entitled to check the accuracy of the weighing apparatus. If there is any objection to the weighing apparatus, the buyer and seller shall stop the delivery and notify the Exchange in writing. The Exchange shall arrange the national quality and technique supervision organizations to inspect the weighing apparatus on the spot, and the defaulting party shall bear relevant expenses (including travel expenses, transportation expenses, inspection costs and etc.).

After the commodities other than thermal coal are dispatched, the buyer and seller shall sign the Confirmation Form of Quantity Inspection after the daily weight memos signed and confirmed by both parties are examined and approved. Such Confirmation Form shall serve as the basis for the quantity determination of the commodities rendered for delivery.

If the commodities for delivery are in bulk, the buyer shall provide packing materials or request the seller to provide packing materials, and the costs of packing materials and packing expenses shall be borne by the buyer.

Article 88 If the delivery of thermal coal is delayed because the buyer's conveyance fails to arrive at the designated port (or anchorage) within scheduled or prescribed time, or the seller fails to get the commodities ready for delivery at the designated port and submit the application for loading the thermal coal into trucks (ships) (information stated in the application shall include sampling and weighing method agreed or prescribed by both parties) to the designated port within scheduled or

prescribed time, the buyer and seller shall solve the problems arising from this through negotiate first. If they cannot reach an agreement, the non-defaulting party may apply to the Exchange for compensation and provide relevant evidences. After confirming the evidences, the Exchange shall charge a fine of late delivery from the defaulting party to compensate the non-defaulting party. Late delivery fine shall be given by:

$$\sum[\text{CNY } 1 \text{ per metric ton}) \times \text{number of days delayed} \times \text{prescribed quantity of commodities for delivery}].$$

If the delivery of the commodities other than thermal coal are delayed because the buyer and seller fail to take or make delivery within scheduled or prescribed time or in the scheduled or prescribed delivery speed, the buyer and seller shall solve the problems incurred through negotiate first. If the buyer and seller cannot reach an agreement, the non-defaulting party may apply to the Exchange for compensation and provide relevant evidences. After confirming the evidences, the Exchange shall charge a fine of late delivery from the defaulting party to compensate the non-defaulting party. Late delivery fine shall be given by:

$$\sum[\text{CNY } 5 \text{ per metric ton} \times \text{number of days delayed} \times \text{prescribed quantity of commodities for delivery}].$$

If the delivery of commodities is delayed because of force majeure, the delivery can be deferred.

Article 89 The payments for the thermal coal that have been delivered shall be calculated in accordance with the actual inspection result and rounded to two decimal places.

If the net calorific value (as received basis) is greater than or equal to 5300 kc/kg, the payment price for commodities (rounded to two decimal places) shall be:

delivery price/ 5500×actual caloric value

If the net calorific value (as received basis) is greater than 6000 kc/kg, the payment price for commodities shall be calculated based on 6000 kc/kg.

If the net calorific value (as received basis) is 5000 kc/kg, the payment price for commodities shall be:

delivery price—90

If the net calorific value (as received basis) is greater than or equal to 4800kc/kg but less than 5300 kc/kg, the payment price for commodities shall be:

(delivery price—90)/ 5000×actual caloric value

If the net calorific value (as received basis) is less than 4800kc/kg, the payment price for commodities shall be:

(delivery price—90)/ 5000×actual caloric value×50%

If the net calorific value (as received basis) in the inspection result is less than that published when the seller is matched for delivery and the difference is greater than 300kc/kg (excluding 300kc/kg), the payment price for commodities shall be:

the payment price for commodities given by the above formula—CNY 5 per metric ton

If the net calorific value (as received basis) in the inspection result is greater than that published when the seller is matched for delivery and the difference is greater than 300kc/kg (including 300kc/kg), the net calorific value (as received basis) for the calculation of the payment price for commodities shall be:

the net calorific value (as received basis) that published when the seller is matched + 300

If the indicators of total sulphur (as dry basis), volatile matter (as dry ash-free basis) and ash content (as dry basis) are beyond the range prescribed for deliverable commodities, the payment price for commodities shall be calculated based on the sequence of net caloric value (as received basis), total sulphur (as dry basis), volatile matter (as dry ash-free basis) and ash content (as dry basis). The payment price for commodities shall be calculated as follows:

Indicator Range	Calculation Method
$1\% < \text{total sulphur (as dry basis)} \leq 1.5\%$	80% of the value calculated based on the actual calorific value and when the total sulphur (as dry basis) is 1%
$1.5\% < \text{total sulphur (as dry basis)} \leq 2\%$	50% of the value calculated based on the actual calorific value and when the total sulphur (as dry basis) is 1%
$\text{total sulphur (as dry basis)} > 2\%$	20% of the value calculated based on the actual calorific value and when the total sulphur (as dry basis) is 1%
volatile matter (as dry ash-free basis) or ash content (as dry basis) is beyond the range of deliverable commodities	80% of the value calculated based on the actual calorific value and actual total sulphur (as dry basis)

Article 90 If the delivery is completed before the last delivery day, the Exchange shall transfer payments according to the result confirmed by the buyer and seller in the member service system. If the delivery is not completed on the last delivery day, the following procedures shall be implemented:

I. if the delivery is not completed even though the seller has dispatched the commodities for delivery pursuant to the requirements of scheduled or normal daily delivery speed, the delivery can be deferred and the buyer shall not refuse such deferral. After the delivery is completed, the payments shall be transferred in accordance with prescribed procedures.

II. if one party fails to deliver all commodities in the scheduled or normal delivery speed, the other party may apply for delivery termination. The non-defaulting party may submit the Application for Termination of Delivery through the member service system and provide relevant evidences, and the defaulting party shall confirm the Application within two (2) business days. If no confirmation of the application is conducted and no objection to the termination is raised within the prescribed time limit, the Exchange shall regard that such Application has been confirmed and shall settle the payments for the commodities having been delivered with the seller and return the rest of payments to the buyer. In terms of the commodities having not been delivered, the buyer and seller may negotiate for another delivery. In case that they cannot reach an agreement, the defaulting party shall bear the liabilities for breach of contract.

Chapter 6 The Circulation of Special (Normal) VAT Invoice

Article 91 The seller shall provide special (normal) VAT invoice to the buyer. The members appointed by the buyer and seller shall assist clients to transfer the special (normal) VAT invoice. The members appointed by the buyer and seller shall also be responsible for arbitrating and settling disputes.

The normal VAT invoice shall be issued for the delivery of rapeseed meal.

The special VAT invoice or sales invoice for agricultural products shall be issued for the delivery of apples.

Article 92 Within one (1) business day after the matching day, the buyer shall provide all the detailed information required for the issuance of the VAT invoice to the seller in accordance with taxation authority's regulations. In terms of the delivery conducted by means of registered warehouse receipts, the seller shall provide the special (normal) VAT invoice within seven (7) trading days from the delivery day (excluding the day). In the event of delayed issuance of the invoice for one (1) to ten (10) days (calendar day), the selling member shall pay 0.5‰ of the payments for commodities per day as late fee; in the event of delay issuance of the invoice for over ten (10) days (calendar day), the selling member shall be deemed to refuse to provide the special (normal) VAT invoice and shall pay a prescribed proportion of the payments for commodities as penalty for breach of the contract. The proportions of default penalties for different products shall comply with the VAT rates published by national tax departments. Late fee or penalty shall be deducted from the balance of the payments for commodities and be compensated to the buying member, and the rest of payments shall belong to the selling member. The selling member shall have the right to claim compensation from the client after paying late fee or penalty in advance.

If the cotton yarn is delivered through board delivery or by means of non-registered warehouse receipts, the seller shall provide the special (normal) VAT invoice to the buyer within seven (7) trading days after the delivery is completed or other prescribed time period. Any delayed issuance of the special (normal) VAT invoice shall be dealt with in accordance with the above paragraph.

The buying member shall confirm the information stated on the special (normal) VAT invoice within two (2) business days (including the day) after receiving the invoice transferred from the selling member.

If the invoice turned out to be invalid due to the false materials provided by the buying member, the buying member shall assume all the responsibilities; if the buying member fails to provide materials within a prescribed time period, the selling member may delay the issuance of the invoice.

If the buying member fails to provide relevant materials within seven (7) trading days after the delivery day (excluding the day), the Exchange shall transfer the remaining 20% of the payments for commodities to the selling member, and the buyer shall assume all the consequences incurred.

Article 93 The Exchange may adjust the proportion of penalty for default along with the adjustment of the national taxation policy.

Chapter 7 Exchange of Futures for Physicals

Article 94 Exchange of futures for physicals (hereinafter “EFP”) shall refer to the simultaneous execution of an Exchange futures contract and a corresponding physical transaction contract or a forward contract on a physical transaction.

The EFP shall be classified into EFP by registered warehouse receipts and EFP by non-registered warehouse receipts. The EFP by registered warehouse receipts shall be classified into EFP by registered duty-paid receipts and EFP by registered bonded receipts (hereinafter “bonded EFP”). Where special provisions on procedures of bonded EFP are stipulated in the Detailed Rules for Implementation of Bonded Delivery of Zhengzhou Commodity Exchange, such provisions shall prevail.

Article 95 EFP transactions shall be submitted to the Exchange by both parties within the time period specified by the Exchange. The Exchange shall liquidate the futures positions of both parties according to the liquidation price as mutually agreed by the parties (the buyer of the physical commodities shall have long positions in the futures market and the seller of the physical commodities shall have short positions in the futures market). Meanwhile, both parties shall, according to the physical transaction contract, exchange futures positions for the physical commodities which are of the same variety and quantity as the underlying commodities of the futures contracts.

Article 96 Procedures of EFP:

I. EFP transactions can be conducted from the listing day to the last trading day of a futures contract. The Exchange shall not process the EFP of the futures contracts that are not traded on the afternoon of the last trading day;

II. a party may publish the EFP intentions through the Exchange's member service system. Parties holding opposite delivery month contracts may submit EFP transaction applications to the Exchange before 2:30 p.m. of each trading day after they have entered into a physical transaction contract;

III. on the day when the EFP transaction application is approved by the Exchange, the Exchange shall liquidate the positions in futures contracts held by the parties according to the liquidation price agreed by both parties after the market close of the day. The liquidation price agreed by the buyer and seller shall be within the range of the price limit of a futures contract on the approval day;

IV. with respect to the EFP by registered warehouse receipts, the payments for commodities shall be transferred by the Exchange;

1. before applying for EFP, the buyer shall have 20% of the full payments for commodities or more, otherwise the application shall not be approved or processed.

2. on the next trading day after the approval day of EFP transaction, the Exchange shall transfer the registered warehouse receipts from the seller to the buyer after corresponding futures positions have been offset. The relevant payments shall be transferred in accordance with these Detailed Rules.

3. the special (normal) VAT invoice shall be issued by the seller to the buyer according to the delivery price agreed by both parties. The specific procedures prescribed in these Detailed Rules shall be followed.

4. after the corresponding futures positions have been offset, if the seller fails to deliver the prescribed number of registered warehouse receipts or the buyer fails to pay the prescribed amount of payments when processing the transfer of registered warehouse receipts, the defaulting party shall be imposed a compensation of 20% of the total value of the physical transaction contracts to non-defaulting party.

V. with respect to the EFP by non-registered warehouse receipts, the payments shall be transferred as mutually agreed by both parties;

1. relevant physical transaction contract shall be provided by both parties.

2. the delivery of commodities and the transfer of payments for commodities shall be decided by the buyer and seller after negotiation. Any dispute incurred shall be settled by themselves and the Exchange shall not assume any responsibility.

VI. the Exchange shall publish relevant information on EFP in time.

Article 97 The buyer and seller shall pay their respective service charges arising from the transfer of registered warehouse receipts during the EFP process.

Article 98 If any fraud is detected by the Exchange during the EFP transactions, the members or clients shall be punished in accordance with the Measures for Penalties for Violations of Zhengzhou Commodity Exchange.

Chapter 8 Delivery Expenses

Article 99 With respect to the strong gluten wheat, No. 1 cotton, wheat sugar, early long-grain nonglutinous paddy, late long-grain nonglutinous paddy and medium to short-grain nonglutinous paddy, the seller is liable for all the expenses incurred before the commodities are transported to the storehouses or stacks designated by delivery warehouses, and the buyer is liable for all the expenses incurred from the loading of the above commodities from the designated storehouses or stacks onto the board of the trucks, trains and ships.

With respect to the common wheat delivered by warehouse receipts, PTA, rapeseed oil, rapeseed delivered by warehouse receipts, rapeseed meal, methanol, ferrosilicon, manganese silicon, cotton yarn and apples, the seller is liable for all the expenses incurred before the commodities are transported to the storehouses or stacks designated by delivery warehouses and the load-out expenses incurred from the loading of the commodities onto the board of vehicles (trains and ships for rapeseed oil and ships for common wheat), and the buyer is liable for all expenses (excluding the packing charges for common wheat) incurred afterwards.

With respect to the common wheat by board delivery, the rapeseed by FOT delivery and the apples by FOT delivery, the seller is liable for all the expenses (excluding packing charges) incurred before the commodities are transported from designated delivery valuation points or other delivery places agreed by the buyer and seller onto the board of trucks (ships), and all the charges incurred afterwards shall be borne by the buyer. If the buyer and seller reach an agreement that the buyer pick up the commodities by himself or the seller is responsible for delivering the commodities to the buyer, they shall negotiate on the transportation expenses according to the distance from the delivery valuation points.

If the flat glass or cotton yarn is delivered through FOT delivery, the factory is liable for all the expenses incurred before the commodities are loaded onto the board of trucks, and the pick-up party is liable for all the expenses incurred afterwards. If the flat glass is delivered by FOB delivery, the pick-up party shall bear the drayage and quayage.

If the thermal coal is delivered through board delivery, the seller is liable for all the expenses incurred before the commodities are loaded onto the board of trucks (ships), and the buyer is liable for the expenses incurred afterwards. If the thermal coal is delivered by factory receipts through board delivery, the factory is liable for all the expenses incurred before the thermal coal is loaded onto the board of trucks (ships) and the buyer is liable for the expenses incurred afterwards; if the thermal coal is picked up by trains, the factory is liable for all the expenses incurred before the thermal coal is loaded onto the shuttle board and the pick-up party is liable for the rest of the expenses.

Article 100 The load-in and load-out fee schedule for commodities being delivered shall be declared by the warehouses or factories every year and shall enter into force after being reviewed and approved by the Exchange; if the fees and charges are unchanged, those of the last year shall continually be implemented.

Article 101 The load-in/out fee, transit fee at the delivery valuation points, service charges, storage fee and inspection costs shall be announced by the Exchange.

The delivery warehouse is liable for the load-in inspection fees of common wheat delivered by warehouse receipts, rapeseed delivered by warehouse receipts, rapeseed oil, rapeseed meal, early long-grain nonglutinous paddy, late long-grain nonglutinous paddy, medium to short-grain nonglutinous paddy and apple; and in terms of other products, the seller is liable for the load-in inspection fees.

The Exchange shall collect storage fees on behalf of the warehouses or factories from the registration day of registered receipts to the day preceding the issuance day of the Pick-up Notice by the Exchange and shall monthly calculate and transfer the storage fees on the first trading day of each month; for any other expenses that the Exchange shall not collect on behalf of the warehouses or factories, the warehouses or factories shall charge the owners of commodities directly.

Article 102 Common wheat, strong gluten wheat, early long-grain nonglutinous paddy, late long-grain nonglutinous paddy, medium to short-grain nonglutinous paddy and apple shall not be packed with packing materials. The costs of packing materials for cotton, white sugar, PTA, rapeseed, rapeseed meal, ferrosilicon, manganese silicon and cotton yarn shall not be priced separately.

The flat glass factory shall provide packing materials and packing auxiliaries if the buyer requests. The charging methods and fee standards shall be announced by the Exchange and factory.

Article 103 The Exchange shall make announcements if there is any need to adjust relevant fee standards according to the adjustment of national policies and the market conditions.

Chapter 9 Handling of Delivery Defaults

Article 104 Any of the following behaviors shall be deemed to constitute a default of delivery:

I. the seller fails to deliver the required quantity of registered receipts or physical commodities within a prescribed time period;

II. the buyer fails to pay the required payment for commodities within a prescribed time period;

III. the quality of the commodities rendered for board delivery by the seller cannot meet delivery standards;

IV. other behaviors recognized by the Exchange.

Article 105 If the behavior of one party is deemed to constitute a default of delivery, the Exchange shall impose on the defaulting party a penalty of 20% of the value of the defaulted contracts (calculated as per the delivery price) to the non-defaulting party, and the delivery shall be terminated.

Article 106 When calculating the quantity of the defaulted futures contract of a buyer, the Exchange shall deduct 20% of the defaulted contract value in advance as a penalty.

The quantity of the defaulted futures contracts of the seller shall be calculated as:

quantity of the defaulted futures contracts of the seller = [prescribed quantity of registered receipts to be delivered - quantity of registered receipts have been delivered] × delivery unit ÷ contract size

The quantity of the defaulted futures contracts of the buyer shall be calculated as:

If the buyer receives registered duty-paid receipts, then:

quantity of the defaulted futures contracts of the buyer (lot) = [payments for commodities prescribed to pay - amount already paid] ÷ (1 - 20%) ÷ (delivery price + price of packing materials per piece) ÷ contract size

If the buyer receives registered bonded receipts, then:

quantity of the defaulted futures contracts of the buyer (lot) = [bonded payments for commodities due (yuan) – amount paid (yuan)] ÷ bonded delivery price (yuan per metric ton) ÷ (1-20%) ÷ contract size.

Article 107 If the delivery behaviors of a buyer and a seller are simultaneously constitute a default, the Exchange shall terminate the delivery and impose a penalty of 5% of the defaulted contract value on both parties.

Article 108 If the delivery behaviors of a member constitute a delivery default, the member shall use registered warehouse receipts or payments for commodities received to pay for the default behavior.

Article 109 If delivery is terminated according to these Detailed Rules, the Exchange's guarantee liability shall also be terminated.

Chapter 10 Supplementary Provisions

Article 110 The Exchange shall handle any violation of these Detailed Rules in accordance with the Measures for Penalties for Violations of Zhengzhou Commodity Exchange.

Article 111 In case that special provisions on the delivery activities related to night trading session are stipulated in the Detailed Rules for Trading in Night Session of Zhengzhou Commodity Exchange, the special provisions shall prevail.

Article 112 The Exchange shall reserve the right to interpret these Detailed Rules.

Article 113 These Detailed Rules shall enter into force from November 9, 2018.

(The English version is for reference ONLY. The Chinese version shall prevail if there is any inconsistency.)