郑州商品交易所
Zhengzhou Commodity Exchange

RAPESEED OIL, RAPESEED MEAL FUTURES & OPTIONS

HANDBOOK FOR OVERSEAS TRADERS

Helping Entities Identify Market Trend
Facilitating Robust Economic Operation

Integrity   Innovation   Professionalism   Responsibility

January 2023

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CONTENT

Part 1
Fundamentals of Physical Rapeseed Products

Part 1 Fundamentals of Physical Rapeseed Products

I. Overview of Rapeseed Products

(I) Definition and Classification

Rapeseeds are the small, globular seeds of rapeseed plants, whose coat is black, yellow, or brownish red. In China, rapeseeds are divided into spring rapeseeds and winter rapeseeds according to their planting and growth cycle. Rapeseeds are also classified into common rapeseeds and double-low rapeseeds depending upon their erucic acid content and glucosinolate content. Double-low rapeseeds have an erucic acid content lower than 3% and a glucosinolate content not higher than 35 μmol/g.

Figure 1-1 Rapeseeds

Rapeseeds can be mechanically extracted to produce

rapeseed oil and rapeseed meals. Through different extraction processes, rapeseeds can produce rapeseed oil and rapeseed meals with diverse properties, which are different in use and market price. The application of different extraction processes is mainly intended to obtain rapeseed oil with varying properties and flavors. Rapeseed oil is brownish yellow or brown in color and has no flavor or a strong flavor. The oil-pressed residue of rapeseeds is rapeseed cake, and the solvent-extracted residue of the latter is rapeseed meal. Rapeseed meals are generally yellow or light brown and in the form of flakes or coarse powder with particles.

(II) Growth Cycle and Growing Regions

In China, spring rapeseeds are generally planted in April and May and harvested in October and November each year; winter rapeseeds are generally planted in October and November each year and harvested in the next May and June. Most of the rapeseeds planted in China are winter rapeseeds, accounting for about 80% of the country's total output.

There are three major rapeseed growing regions in China: (1) Qinghai and Inner Mongolia, where spring rapeseeds are grown. With a high level of mechanization and steady growth in rapeseed output, this region represents around 20% of the country's total rapeseed output (the following proportions are based on the research of market institutions); (2) Southwest China (covering but not limited to Sichuan, Shaanxi, Chongqing, and Yunnan), where winter rapeseeds are mainly grown. As a major rapeseed oil consumer, this region is accustomed to consuming strong-flavored rapeseed oil. In recent years, this region has remained stable in rapeseed output, with Sichuan Province having become the largest rapeseed producer in China. Southwest China accounts for about 50% of China's total rapeseed output; (3) Hubei, Hunan, Jiangsu, and Anhui along the middle and lower reaches of the Yangtze River, where winter rapeseeds are also mostly grown. Historically, this region has been an important rapeseed producer. In particular, Hubei used to be the top one nationwide in terms of rapeseed growing area and output. However, as their rapeseed growing area decreases year by year, the middle and lower reaches of the Yangtze River represent only around 25% of China's total rapeseed output.

(III) Extraction Processes

Currently, the rapeseed oil extraction process in China mainly includes the pressing process and the solvent extraction process. Unlike the solvent extraction process, the pressing process does not use any solvent. For the pressing process, the common equipment is the 95-model oil press machine, which is widely used in the major rapeseed production regions around China, particularly Southwest China and other regions such as Hunan. The pre-pressing and solvent extraction process, i.e., a combination of the pressing process and the solvent extraction process, primarily comprises the processes of flaking, steaming, pre-pressing, and solvent extraction. For such process, the common equipment includes the 202-model and 338-model solvent extraction machines, which are mainly used in the middle and lower reaches of the Yangtze River, including Hubei and Anhui, and coastal regions, including Fujian, Guangdong, and Guangxi. In China, almost all domestic rapeseeds are freshly pressed at small rapeseed oil plants or local workshops; most of the large rapeseed oil plants in the regions along the Yangtze River have shifted to extract soybean oil from imported soybeans; imported rapeseeds can be extracted only in coastal regions. Generally, after being roasted at a high temperature, domestic rapeseeds are directly pressed to produce strong-flavored rapeseed oil and rapeseed cakes. Such rapeseed cakes are generally known as "yellow cakes", with an oil content of 5%-8%. Rapeseed imports are pre-pressed first and then further processed at solvent extraction workshops to produce rapeseed oil and rapeseed meals.

Figure 1-2 Pre-Pressing and Solvent Extraction Process

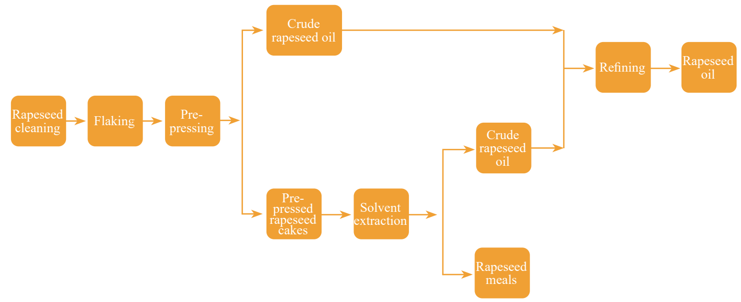
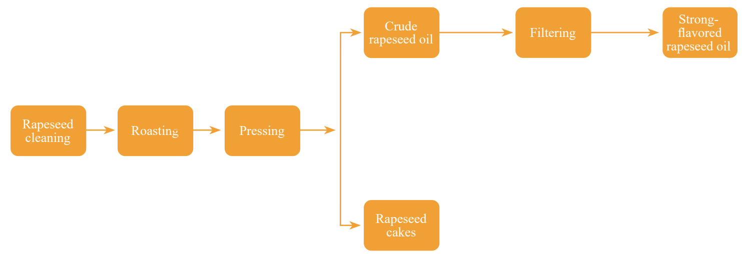


Figure 1-3 Pressing Process



Source: Institute of COFCO Futures Co., Ltd.

(IV) Major Uses

Rapeseed oil is primarily used as an edible oil. Rapeseed meals can be used as a source of feed protein, rapeseed protein, and chemicals. In China, however, nearly all rapeseed meals are used as an ingredient for feed protein.

Rapeseed meals can be added to aqua feeds, poultry feeds, and pig feeds. In practice, however, the proportion of rapeseed meals so added is determined mainly by considering the price difference between rapeseed meals and other protein sources such as soybean meals as well as how to solve any technical problems arising in connection with the addition of rapeseed meals. In recent years, rapeseed seals have been mainly added to aqua feeds due to the price difference between soybean meals and rapeseed meals which has been staying at a level lower than the historical average.

Table 1-1 Proportion of Rapeseed Meals Added to Various Feeds

Category	Proportion
Aqua feeds	30-40%
Broiler feeds	Lower than 10%
Laying hen feeds and breeder feeds	Lower than 8%
Duck feeds	10-15%
Pig feeds	Lower than 5% (for rapeseed meals not detoxicated) 10-15% (for detoxicated rapeseed meals or double-low rapeseed meals)

(V) Quality Standards

In China, the quality requirements and testing methods of rapeseed, rapeseed meal, and rapeseed oil are subject to applicable national standards. In the futures and spot markets for rapeseed, rapeseed meal, and rapeseed oil, investors often pay close attention to any indicators that will influence their prices. For rapeseeds, important indicators include oil content, moisture content, and impurity content; for rapeseed meals used in feeds, those indicators include crude protein content and moisture content; for pressed or solvent-extracted rapeseed oil, those indicators include redness value, acid value, and peroxide value (POV).

China's current quality standard for pressed or solvent-extracted rapeseed oil is the National Standard of the People's Republic of China for Rapeseed Oil (GB/T 1536-2021) issued on October 11, 2021.

Table 1-2 Quality Standard for Pressed Rapeseed Oil

Pressed Rapeseed Oil		
Item	Quality Indicator	
	Grade I	Grade II
Color	Pale yellow to light yellow	Orange to brown
Transparency (20℃)	Clear and transparent	Allowed to be slightly turbid
Smell and flavor	Having the intrinsic flavor and taste of rapeseed oil without any unpleasant odor	Having the intrinsic flavor and taste of rapeseed oil without any unpleasant odor
Moisture content and volatile content/% ≤	0.1	0.15
Insoluble impurity content/% ≤	0.05	0.05
Acid value (expressed in KOH)/(mg/g) ≤	1.5	3
POV /(g/100g) ≤	0.125	0.25
Heating experiment (280℃)	Having no precipitate and not becoming dark in color	Allowed to have a tiny quantity of precipitates and to become dark in color

Table 1-3 Quality Standard for Solvent Extracted Rapeseed Oil

Solvent Extracted Rapeseed Oil			
Item	Quality Indicator		
	Grade I	Grade II	Grade III
Color	Pale yellow to light yellow	Light yellow to orange	Orange to brown
Transparency (20°C)	Clear and transparent	Clear	Allowed to be slightly turbid
Smell and flavor	Having a good taste without any unpleasant odor	Having a good taste without any unpleasant odor	Having the intrinsic flavor and taste of rapeseed oil without any unpleasant odor
Moisture content and volatile content/% ≤	0.1	0.15	0.2
Insoluble impurity content /% ≤	0.05	0.05	0.05
Acid value (expressed in KOH)/(mg/g) ≤	0.50	2.0	3.0
POV /(g/100g) ≤	0.125	0.25	
Heating experiment (280°C)	-	Having no precipitate and not becoming dark in color.	Allowed to have a tiny quantity of precipitates and to become dark but not black in color
Soap content/% ≤	-	0.03	
Freezing test (stored at 0°C for 5.5h)	Clear and transparent	-	
Smoke point/°C ≥	190	-	
Solvent residual/(mg/kg)	Not detected	≤20	
Note: "-" indicates that the test is inapplicable.			

China's current quality standard for rapeseed meals used in feeds is the National Standard of the People's Republic of China for Rapeseed Meals (GB/T 23736-2009).

Table 1-4 Current Quality Standard for Rapeseed Meal Used in Feeds

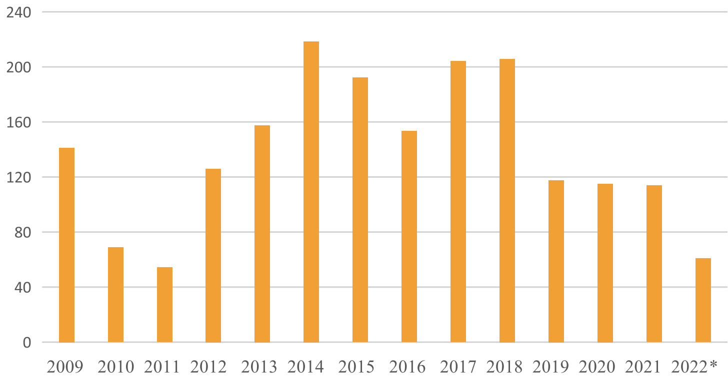
Item	Grade			
	Grade I	Grade II	Grade III	Grade IV
Crude protein/(%)	≥41.0	≥39.0	≥37.0	≥35.0
Crude fiber/(%)	≤10.0	≤12.0		≤14.0
Lysine/(%)	≥1.7		≥1.3	
Crude ash/(%)	≤8.0		≤9.0	
Crude fat/(%)	≤3.0			
Moisture/(%)	≤12.0			

II. Supply and Demand of Rapeseed Oil and Rapeseed Meals

(I) Output

Rapeseed oil produced in China consists of rapeseed oil pressed from domestic and imported rapeseeds. Currently, China's rapeseed oil market is fragmented into two segments, one for rapeseed oil pressed from domestic rapeseeds and another for rapeseed oil pressed from rapeseed imports. However, for pressed rapeseed oil, both strong-flavored rapeseed oil obtained from domestic rapeseeds and common rapeseed oil from rapeseed imports have no absolute substitution barrier in consumption. Therefore, for the ease of calculation of China's rapeseed oil output, we calculate the rapeseed oil equivalents of both domestic rapeseeds and imported rapeseeds.

Figure 1-4 Rapeseed Oil Equivalent of Imported Rapeseeds (10,000 metric tons)

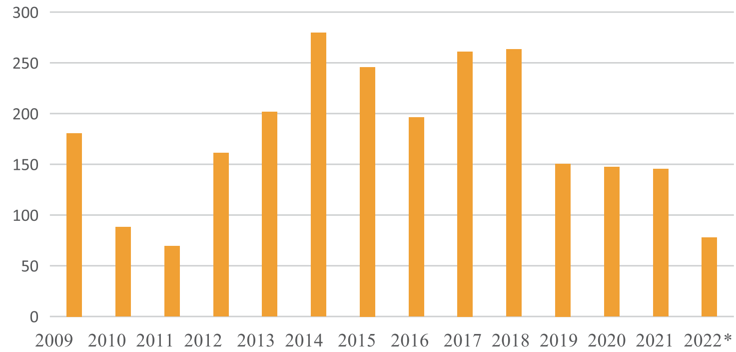


Source: GACC, China Futures Co., Ltd.

Note: The 2022* statistics contain data from January to November 2022, the same below.

As the domestic rapeseed output shrinks, more and more domestic rapeseeds are pressed at small rapeseed oil plants. After being roasted and pressed, domestic rapeseeds are turned into rapeseed cakes, which can be used for aqua feeds after being processed, but has a lower quality than rapeseed meals and does not meet the standard for the deliverables of rapeseed meal futures. It is difficult to obtain statistics on the circulation of rapeseed cakes as a feed ingredient and the use of rapeseed cakes as a protein source. For this reason, when analyzing China's rapeseed meal output, we generally calculate the rapeseed meals produced from imported rapeseeds. From 2017 to 2021, China produced an annual average of around 2,000,000 metric tons of rapeseed meals.

Figure 1-5 Rapeseed Meal Equivalent of Imported Rapeseeds (10,000 metric tons)

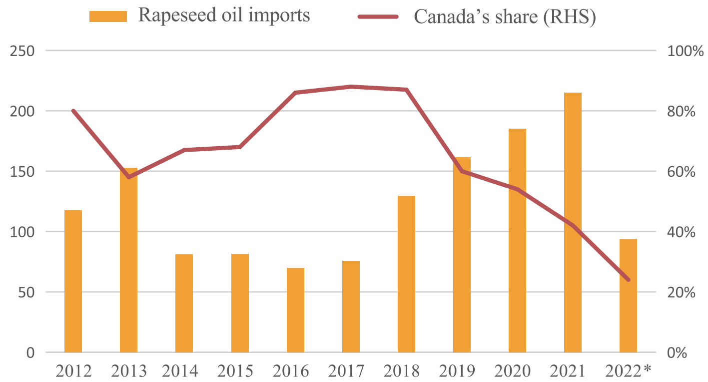


Source: GACC, China Futures Co., Ltd.

(II) Imports

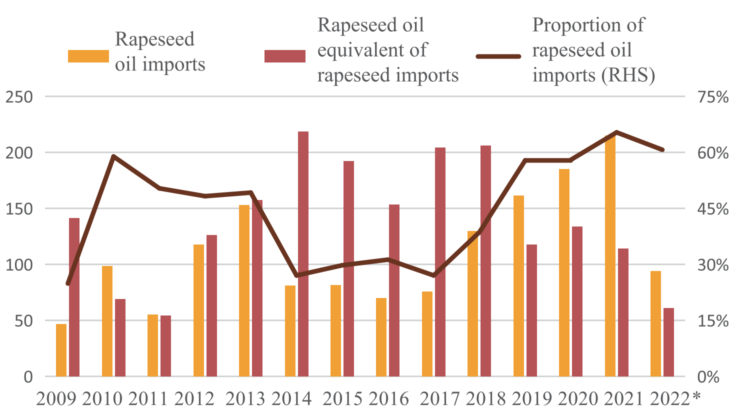
China imposes policy restrictions on rapeseed and rapeseed meal imports but no restrictions on rapeseed oil imports. China's rapeseed oil imports are mainly from Canada, but are less geographically concentrated than rapeseed and rapeseed meal imports. The rapeseed oil imports have been volatile over the years, which, however, shows no regular change pattern.

Figure 1-6 China's Rapeseed Oil Imports and Canada's Share (10,000 metric tons)



Source: GACC, China Futures Co., Ltd.

Figure 1-7 Supply of China's Rapeseed Oil Imports (10,000 metric tons)



Source: GACC, China Futures Co., Ltd.

Canada is one of the world's major rapeseed meal exporters. From 2021 to 2022, despite a declining share in rapeseed meal exports due to a drop in its rapeseed output, Canada's exports still reached 4,395,000 metric tons, or 57.9% of the world's total. The world's major rapeseed meal importers are highly concentrated, with the U.S. (37%) and China (29%) being the top two. From 2021 to 2022, the U.S. and China together imported 5,099,000 metric tons of rapeseed meals, representing 67.4% of the world's total imports of 7,570,000 metric tons.

China has not removed all its restrictions on rapeseed meal imports and allows imports from a few countries, including but not limited to Canada, UAE, Australia, Kazakhstan, and India. In practice, China's rapeseed meal imports are mostly from Canada and UAE.

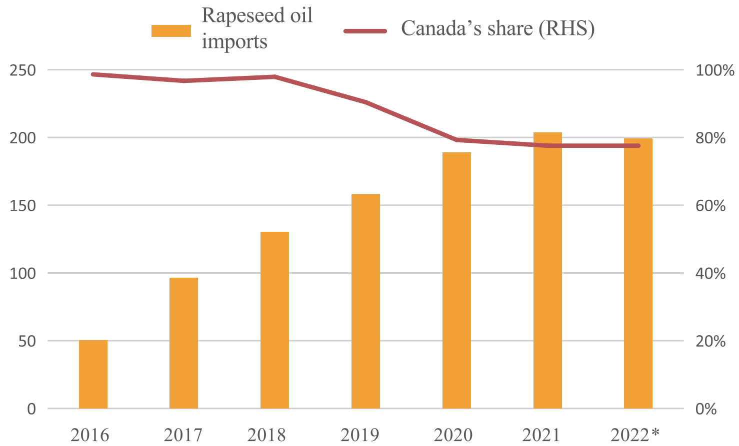
China's rapeseed meal imports have been on the rise year by year since 2017, growing from 970,000 metric tons in 2017 to 2,040,000 metric tons in 2021. The main reason is that rapeseed imports were falling, while aquatic products maintained steady growth, resulting in an increase in direct rapeseed meal imports. China's rapeseed meal imports are expected to exceed 2,000,000 metric tons in 2022.

Table 1-5 Countries from Which China Allows Rapeseed Meal Imports

Item	Countries from which rapeseed meal imports are allowed
Rapeseed meal	Russia, Ukraine, UAE, Australia, Canada, India, Kazakhstan, Pakistan, Ethiopia, Belarus, and other countries

Source: GACC

Figure 1-8 China's Rapeseed Meal Imports (10,000 metric tons)

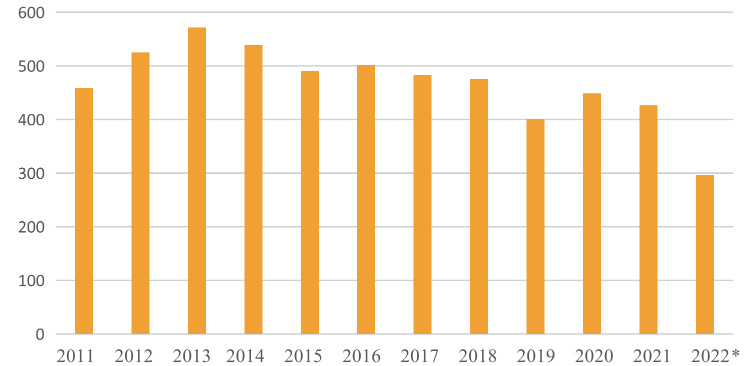


Source: GACC, China Futures Co., Ltd.

(III) Consumption

The major drivers behind the growth of rapeseed oil consumption include the total consumption growth of oils and fats, any price difference between rapeseed oil and other oils and fats, changes in the policies on the purchase, sales, and storage of rapeseed oil, and changes rapeseed oil consumption habits. There are apparently low and peak seasons for the consumption of rapeseed oil. The peak seasons include the stocking periods prior to the Mid-Autumn Day, the National Day, and the Spring Festival each year, and the low seasons include the period after the end of the Spring Festival and the high-temperature period during the summer.

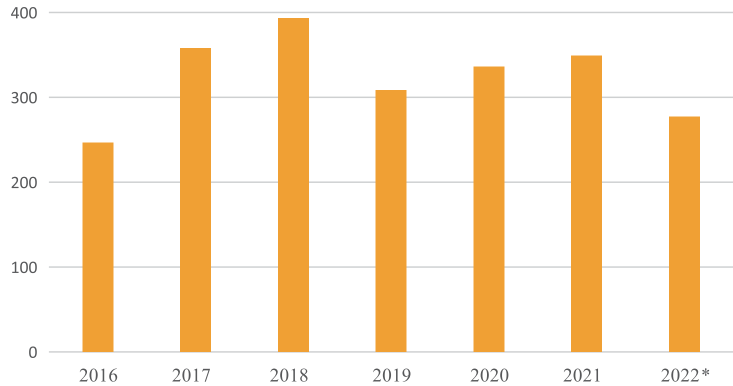
Figure 1-9 China's Annual Consumption of Rapeseed Oil (10,000 metric tons)



Source: GACC, China Futures Co., Ltd.

Rapeseed cakes produced from domestic rapeseeds are used partly for aqua feeds and partly for organic fertilizers. Relevant statistical data are not available in the market. In fact, the supply and demand of rapeseed cakes have a less noticeable influence on the price of rapeseed meals. Currently, the supply of rapeseed meals in the Chinese market largely depends upon both rapeseed meals produced from rapeseed imports and imported rapeseed meals. Since 2017, China has maintained an annual consumption of between 3,000,000 metric tons and 4,000,000 metric tons of rapeseed meals produced from imported rapeseed and directly imported rapeseed meals. From 2021 to 2022, the quantity of Canada's rapeseed meals available for export was limited due to a substantial decrease in its rapeseed meal output. As a result, there was a sharp drop in China's rapeseed imports, leading to a fall in both rapeseed meals produced from rapeseed imports and directly imported rapeseed meals. There was a good harvest of domestic rapeseeds in 2022. Some domestic rapeseeds were purchased by large rapeseed oil plants as they could make a profit, which could supplement the supply of rapeseed meals.

Figure 1-10 China's Consumption of Both Rapeseed Meals Produced from Rapeseed Imports and Imported Rapeseed Meals (10,000 metric tons)



Source: GACC, China Futures Co., Ltd.

Part 2

Rapeseed Product Futures and Option Contracts and Trading Rules

Part 2 Rapeseed Product Futures and Option Contracts and Trading Rules

I. Standard Rapeseed Oil Futures and Option Contracts

(I) Rapeseed Oil Futures Contract

On June 8, 2007, the rapeseed oil futures ("OI") contract was listed on the Zhengzhou Commodity Exchange ("the Exchange").

Table 2-1 Rapeseed Oil Futures Contract Specifications

Product	Rapeseed Oil
Trading Unit	10 metric tons/lot
Price Quotation	Chinese yuan (CNY) per metric ton
Minimum Price Fluctuation	CNY1/metric ton
Daily Price Limit	±4% of the settlement price of the previous trading day and as provided for in the Measures for the Administration of Futures Trading Risk Control of Zhengzhou Commodity Exchange
Minimum Trading Margin	5% of contract value
Contract Month	January, March, May, July, September, and November
Trading Hours	Monday to Friday (except public holidays) 9:00 a.m.-11:30 a.m. 1:30 p.m.-3:00 p.m. (Beijing time) Other trading hours specified by Zhengzhou Commodity Exchange
Last Trading Day	The 10th trading day of the delivery month
Last Delivery Day	The 13th trading day of the delivery month
Grade and Quality	Benchmark deliverable: Rapeseed oil 1meeting the quality standards for Grade IV rapeseed oil as specified in the National Standard of the People's Republic of China for Rapeseed Oil (GB1536-2004). See the Rules of Zhengzhou Commodity Exchange for Rapeseed Oil Futures for substitute deliverables, premiums, and discounts.
Delivery Point	Designated by Zhengzhou Commodity Exchange
Delivery Method	Physical delivery
Product Code	OI
Listing Exchange	Zhengzhou Commodity Exchange

(II) Rapeseed Oil Option Contract

On August 26, 2022, the rapeseed oil option contract was listed on the Exchange.

Table 2-2 Rapeseed Oil Option Contract Specifications
(Applicable to option contracts with contract month earlier than that of OI2401)

Underlying	OI Contract
Contract Type	Call Option, Put Option
Trading Unit	One OI contract
Price Quotation	Chinese yuan (CNY) per metric ton
Minimum Price Fluctuation	CNY0.5/metric ton
Price Limit	The same as the price limit of the OI contract
Contract Months	The two consecutive nearby months of the underlying futures contract; the rapeseed oil option contracts of the following months will be listed on the second trading day after the open interest (on a single-counted basis) in the underlying futures contract exceeds 5,000 lots after clearing.

1 According to the Rules of Zhengzhou Commodity Exchange for Rapeseed Oil Futures, starting from OI2307, the benchmark deliverable shall be rapeseed oil meeting the quality standards for Grade III solvent-extracted rapeseed oil under the national standard

Trading Hours	Monday to Friday (except public holidays) 9:00 a.m. - 11:30 a.m. 13:30 p.m. - 15:00 p.m. (Beijing time) Other trading hours specified by Zhengzhou Commodity Exchange
Last Trading Day	The 3rd trading day of the month immediately preceding the delivery month of the underlying futures contract and other dates specified by Zhengzhou Commodity Exchange
Expiration Date	The same as the last trading day
Strike Price	Based on the previous trading day's settlement price of the OI contract, nine in-the-money option contracts, one at-the-money option contract, and nine out-of-the-money option contracts will be listed according to the strike price interval. The strike price interval is CNY50/metric ton when the strike price is less than or equal to CNY5,000/metric ton; CNY100/metric ton when the strike price is greater than CNY5,000/metric ton and less than or equal to CNY10,000/metric ton; CNY200/metric ton when the strike price is greater than CNY10,000/metric ton.
Exercise Style	American style. Buyers may submit an exercise request during trading hours on any trading day before the expiration date and an exercise or abandonment request before 3:30 p.m. on the expiration date.
Product Code	Call option: OI-contract month-C-strike price Put option: OI-contract month-P-strike price
Listing Exchange	Zhengzhou Commodity Exchange

Table 2-3 Rapeseed Oil Option Contract Specifications

(Applicable to option contracts with contract month later than or same with that of OI2401)

Underlying	OI Contract
Contract Type	Call Option, Put Option
Trading Unit	One OI contract
Price Quotation	Chinese yuan (CNY) per metric ton
Minimum Price Fluctuation	CNY0.5/metric ton
Price Limit	The same as the price limit of the rapeseed oil futures contract
Contract Months	The two consecutive nearby months of the underlying futures contract; the rapeseed oil option contracts of the following months will be listed on the second trading day after the open interest (on a single-counted basis) in the underlying futures contract exceeds 5,000 lots after clearing.
Trading Hours	Monday to Friday (except public holidays) 9:00 a.m. - 11:30 a.m. 13:30 p.m. - 15:00 p.m. (Beijing time) Other trading hours specified by Zhengzhou Commodity Exchange
Last Trading Day	The third-to-last trading day before the 15th calendar day (inclusive) of the month immediately preceding the delivery month of the underlying futures contract and other dates specified by Zhengzhou Commodity Exchange
Expiration Date	The same as the last trading day
Strike Price	The range of strike price is the previous trading day's settlement price of the underlying futures contract plus or minus 1.5 times the current day's price limit. The strike price interval is CNY50/metric ton when the strike price is less than or equal to CNY5,000/metric ton; CNY100/metric ton when the strike price is greater than CNY5,000/metric ton and less than or equal to CNY10,000/metric ton; CNY200/metric ton when the strike price is greater than CNY10,000/metric ton.
Exercise Style	American style. Buyers may submit an exercise request during trading hours on any trading day before the expiration date and an exercise or abandonment request before 3:30 p.m. on the expiration date
Product Code	Call option: OI-contract month-C-strike price Put option: OI-contract month-P-strike price
Listing Exchange	Zhengzhou Commodity Exchange

II. Standard Rapeseed Meal Futures and Option Contracts

(I) Rapeseed Meal Futures Contract

On December 28, 2012, the rapeseed meal futures(“RM”) contract was listed on the Exchange.

Table 2-4 Rapeseed Meal Futures Contract Specifications

Product	Rapeseed Meal
Trading Unit	10 metric tons/lot
Price Quotation	Chinese yuan (CNY) per metric ton
Minimum Price Fluctuation	CNY1/metric ton
Daily Price Limit	±4% of the settlement price of the previous trading day and as provided for in the Measures for the Administration of Futures Trading Risk Control of Zhengzhou Commodity Exchange
Minimum Trading Margin	5% of contract value
Contract Month	January, March, May, July, August, September, and November
Trading Hours	Monday to Friday (except public holidays) 9:00 a.m.-11:30 a.m. 1:30 p.m.-3:00 p.m. (Beijing time) Other trading hours specified by Zhengzhou Commodity Exchange
Last Trading Day	The 10th trading day of the delivery month
Last Delivery Day	The 13th trading day of the delivery month
Grade and Quality	As specified by the Rules of Zhengzhou Commodity Exchange for Rapeseed Meal Futures
Delivery Point	Designated by Zhengzhou Commodity Exchange
Delivery Method	Physical Delivery
Product Code	RM
Listing Exchange	Zhengzhou Commodity Exchange

(II) Rapeseed Meal Option Contract

On January 16, 2020, the rapeseed meal options contract was listed on the Exchange.

Table 2-5 Rapeseed Meal Option Contract Specifications

(Applicable to option contracts with contract month earlier than that of RM2401)

Underlying	RM Contract
Contract Type	Call Option, Put Option
Trading Unit	One RM contract
Price Quotation	Chinese yuan (CNY) per metric ton
Minimum Price Fluctuation	CNY0.5/metric ton
Price Limit	The same as the price limit of the RM contract
Contract Months	The two consecutive nearby months of the underlying futures contract; the rapeseed meal option contracts of the following months will be listed on the second trading day after the open interest (on a single-counted basis) in the underlying futures contract exceeds 5,000 lots after clearing.
Trading Hours	Monday to Friday 9:00 a.m. - 11:30 a.m. 13:30 p.m. - 15:00 p.m. Other trading hours specified by Zhengzhou Commodity Exchange
Last Trading Day	The 3rd trading day of the month immediately preceding the futures delivery month of the underlying futures contract and other dates specified by Zhengzhou Commodity Exchange
Expiration Date	The same as the last trading day
Strike Price	Based on the previous trading day’s settlement price of the RM contract, six in-the-money option contracts, one at-the-money option contract, and six out-of-the-money option contracts will be listed according to the strike price interval. The strike price interval is CNY25/metric ton when the strike price is less than or equal to CNY2,500/metric ton; CNY50/metric ton when the strike price is greater than CNY2,500/metric ton and less than or equal to CNY5,000/metric ton; CNY100/metric ton when the strike price is greater than CNY5,000/metric ton.

Exercise Style	American style. Buyers may submit an exercise request during trading hours on any trading day before the expiration date and an exercise or abandonment request before 15:30 p.m. on the expiration date.
Product Code	Call option: RM-contract month-C-strike price
	Put option: RM-contract month-P-strike price
Listing Exchange	Zhengzhou Commodity Exchange

Table 2-6 Rapeseed Meal Option Contract Specifications

(Applicable to option contracts with contract month later than or same with that of RM2401)

Underlying	RM Contract
Contract Type	Call Option, Put Option
Trading Unit	One RM contract
Price Quotation	Chinese yuan (CNY) per metric ton
Minimum Price Fluctuation	CNY0.5/metric ton
Price Limit	The same as the price limit of the RM contract
Contract Months	The two consecutive nearby months of the underlying futures contract; the rapeseed meal option contracts of the following months will be listed on the second trading day after the open interest (on a single-counted basis) in the underlying futures contract exceeds 5,000 lots after clearing.
Trading Hours	Monday to Friday 9:00 a.m. - 11:30 a.m. 13:30 p.m. - 15:00 p.m. Other trading hours specified by Zhengzhou Commodity Exchange
Last Trading Day	The third-to-last trading day before the 15th calendar day (inclusive) of the month immediately preceding the delivery month of the underlying futures contract and other dates specified by Zhengzhou Commodity Exchange
Expiration Date	The same as the last trading day

Strike Price	The range of strike price is the previous trading day's settlement price of the underlying futures contract plus or minus 1.5 times the current day's price limit. The strike price interval is CNY25/metric ton when the strike price is less than or equal to CNY2,500/metric ton; CNY50/metric ton when the strike price is greater than CNY2,500/metric ton and less than or equal to CNY5,000/metric ton; CNY100/metric ton when the strike price is greater than CNY5,000/metric ton.
Exercise Style	American style. Buyers may submit an exercise request during trading hours on any trading day before the expiration date and an exercise or abandonment request before 15:30 p.m. on the expiration date.
Product Code	Call option: RM-contract month-C-strike price Put option: RM-contract month-P-strike price
Listing Exchange	Zhengzhou Commodity Exchange

III. Basic Trading Rules

(I) Margin Requirements

An OI contract has a minimum Trading Margin of 5% of contract value.

The Trading Margin rate of an OI contract varies as follows:

Trading period	Trading Margin rate
From listing to the 15th calendar day of the month preceding the delivery month	5% of contract value
From the 16th calendar day to the last calendar day of the month preceding the delivery month	10% of contract value
Delivery month	20% of contract value

An RM contract has a minimum Trading Margin of 5% of contract value.

The Trading Margin rate of an RM contract varies as follows:

Trading period	Trading Margin rate
From listing to the 15th calendar day of the month preceding the delivery month	5% of contract value
From the 16th calendar day to the last calendar day of the month preceding the delivery month	10% of contract value
Delivery month	20% of contract value

(II) Price Limit

An OI contract has a price limit of ±4% of the settlement price of the previous trading day.

An RM contract has a price limit of ±4% of the settlement price of the previous trading day.

The price limit stipulated in these Measures is the lowest permitted value of the price limit. The Exchange may adjust the price limit in real time based on the market conditions.

(III) Position Limit

Position limit refers to the maximum size of speculative positions (calculated on a single-counted basis) in a given futures contract that a Member or client is permitted to hold by the Exchange. The position limits for all futures contracts are not applicable to futures brokerage Members.

The position limit of an OI contract varies as below:

Trading period	Maximum long position or short position held by a non-futures brokerage Member or client (lot)	
From listing to the 15th calendar day of the month preceding the delivery month	Open interest < 100,000	10,000
	Open interest ≥100,000	Open interest ×10%
From the 16th calendar day to the last calendar day of the month preceding the delivery month	3,000	
Delivery month	1,000 (0 for individuals)	

The position limit of an RM contract varies as below:

Trading period	Maximum long position or short position held by a non-futures brokerage Member or client (lot)	
From listing to the 15th calendar day of the month preceding the delivery month	Open interest < 200,000	20,000
	Open interest ≥200,000	Open interest ×10%
From the 16th calendar day to the last calendar day of the month preceding the delivery month	2,000	
Delivery month	1,000 (0 for individuals)	

Part 3

Mechanisms and Arrangements for Introduction of Overseas Traders

Part 3 Rapeseed Product Futures and Option Contracts and Trading Rules

The scheme for the introduction of overseas traders to the trading of rapeseed oil and rapeseed meal futures and options covers trader suitability requirements, participation requirements for and filing of overseas brokers, participation mode and account opening, clearing, delivery, and risk management.

I. Trader Suitability Requirements

The trading of rapeseed product futures and options is subject to trader suitability requirements. According to the requirements of the Measures for the Administration of Futures Trader Suitability Requirements of Zhengzhou Commodity Exchange, traders shall perform a comprehensive assessment of their understanding of the market and products and their risk control, risk tolerance, and financial strength, and make a prudent decision on whether to participate in the trading of rapeseed product futures and options,

Both overseas individual and institutional clients may participate in the trading of rapeseed product futures and options.

Domestic and overseas traders who intend to open a new account to participate in the trading of rapeseed product futures and options shall meet the trader suitability requirements.

(I) Specific Trader Suitability Requirements

1. An institutional client shall meet the following requirements:

(1) having related personnel with basic knowledge of futures trading and understanding of the relevant rules of the Exchange;

(2) having records of no less than twenty (20) executed simulated orders for futures or option contracts on any domestic trading venue for no less than ten (10) trading days; or records of no less than ten (10) executed orders for futures contracts, option contracts, or other centrally cleared derivatives, within the past three (3) years, on any domestic trading venue; or records of no less than ten (10) executed orders for futures contracts, or option contracts, or other centrally cleared derivatives, within the past three (3) years, on any overseas trading venue regulated by its competent futures regulatory authority that has a memorandum of understanding on regulatory cooperation with the China Securities Regulatory Commission (“CSRC”) (“Recognized Overseas Trading Records”);

(3) having an available balance of no less than RMB 100,000 or foreign currency equivalent in each of its margin accounts during the five (5) consecutive trading days before applying for any trading code or trading right;

(4) having sound internal control, risk management, and other futures trading management rules;

(5) having no material adverse credit record, or having never been subjected to a ban from the futures market by any competent regulatory authority, or having never been prohibited or restricted from engaging in futures trading pursuant to any law, rule or regulation, or the rules of the Exchange; and

(6) meeting other requirements specified by the Exchange.

2. An individual client shall meet the following requirements:

(1) having full capacity for civil conduct;

(2) having basic knowledge of futures trading and understanding of the relevant rules of the Exchange;

(3) having records of no less than twenty (20) executed simulated orders for futures or option contracts on any domestic trading venue for no less than ten (10) trading days; or records of no less than ten (10) executed orders for futures contract, option contracts, or other centrally cleared derivatives, within the past three (3) years, on any domestic trading venue; or Recognized Overseas Trading Records of no less than ten (10) executed orders within the past three (3) years;

(4) having an available balance of no less than RMB 100,000 or foreign currency equivalent in each of its margin accounts during the five (5) consecutive trading days before applying for any trading code or trading right;

(5) having no material adverse credit record, or having never been subjected to a ban from the futures market by any competent regulatory authority, or having never been prohibited or restricted from engaging in futures trading pursuant to any law, rule or regulation, or the rules of the Exchange; and

(6) meeting other requirements specified by the Exchange.

The Exchange may adjust the trader suitability requirements in accordance with market conditions.

(II) Exemptions from Suitability Assessment

If a client with the trading right to any other product which is listed on a domestic trading venue and subject to trader suitability requirements applies for a trading code from the Exchange or any trading right, an account-opening institution may choose not to assess whether the client has basic knowledge of futures trading or futures trading experience; if the margin requirement for the said product is not less than RMB 100,000 or foreign currency equivalent, the account-opening institution may choose not to assess the adequacy of the balance of the client's margin account.

Any client that has obtained any trading right to a particular product listed on the Exchange by passing the suitability assessment may automatically obtain from the same account-opening institution, without any assessment, the trading rights to other products listed on the Exchange.

If an account-opening institution applies for a trading code on behalf of the following clients or grants any trading right to such clients so that the clients can participate in the trading of products listed on the Exchange subject to the trader suitability requirements, the account-opening institution may choose not to subject the clients to the requirements on the basic knowledge of futures trading, trading experience, and available balance of margin account:

(1) professional investors as defined in the Measures for the Suitability Management of Securities and Futures Investors;

(2) clients having obtained the trading right to a particular product subject to trader suitability requirements and applying to any other account-opening institution for the trading right to such product;

(3) clients having records of executed orders for futures contracts, option contracts, or other centrally cleared derivatives for no less than fifty (50) trading days within the past one (1) year on any domestic trading venue, or Recognized Overseas Trading Records; and

(4) market makers, special institutional clients, and other traders recognized by the Exchange. Special intuitional clients refer to futures companies, securities companies, fund management companies, trust companies, and other financial institutions, as well as social security companies, qualified foreign institutional investors, and other institutional clients whose assets are required by laws, administrative regulations, and ministry-level rules to be managed in separate accounts.

II. Participation Requirements for and Filing of Overseas Brokers

An overseas broker refers to a financial institution that is legally established outside the People's Republic of China and qualified by the regulatory authority of its jurisdiction of domicile to accept funds and trading orders from traders and to conduct futures trading on behalf of traders in its own name.

(I) Requirements

An overseas broker that intends to engage a futures brokerage Member to conduct futures trading on its behalf shall meet the following requirements:

1. be a financial institution that is legally established outside the People's Republic of China and qualified by the futures regulatory authority of its jurisdiction of domicile to accept funds and trading orders from traders and to conduct futures trading on behalf of traders in its own name;
2. having continued its operations for more than one (1) year;
3. accept the supervision of the futures regulatory authority of its jurisdiction of domicile which has a memorandum of understanding on regulatory cooperation with the CSRC;
4. having a sound governance structure and internal control system and conducting business operations in compliance with laws and regulations;
5. having net capital of no less than RMB 30 million or foreign currency equivalent;
6. having business facilities and technical systems which comply with applicable technical standards and are in sound operating conditions; and
7. meeting other requirements specified by the Exchange.

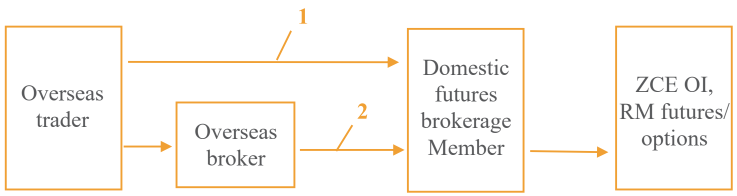
(II) Filing

A futures brokerage Member and an overseas broker shall enter into a written engagement agreement, which shall contain such terms and conditions as set out in the Measures for the Administration of the Engagement of Futures Brokerage Members by Overseas Brokers for Futures Trading. Upon execution of the engagement agreement, the futures brokerage Member shall file with the Exchange before conducting futures trading. The Exchange will issue a filing number and notify the futures brokerage Member of the same in writing if approving the filing, or if not, provide a written explanation therefor.

III. Participation Model and Account Opening Process for Overseas Traders

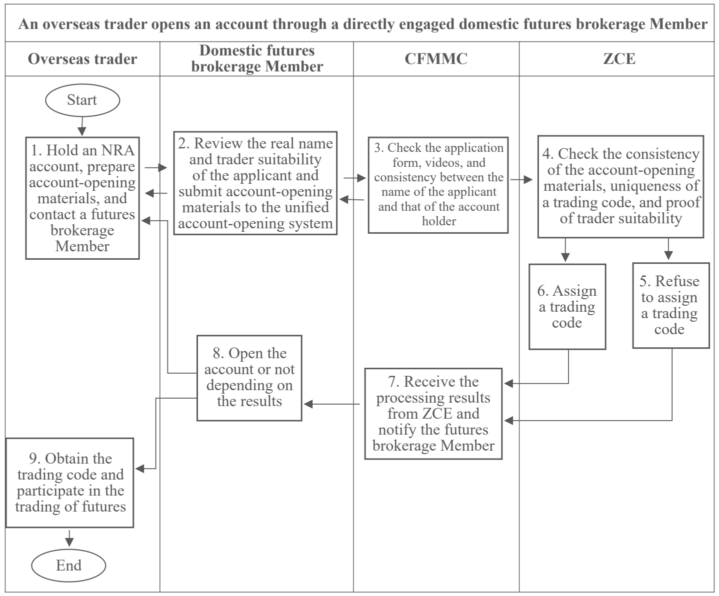
(I) Participation Models

To participate in the trading of a specified product, an overseas trader may open an account through a directly engaged domestic futures brokerage Member, or through any domestic futures brokerage Member engaged by an overseas broker, i.e., the sub-agent model. However, the overseas trader shall not open an account through a single domestic futures brokerage Member according to both the above approaches or through a single domestic futures brokerage member engaged by two overseas brokers.



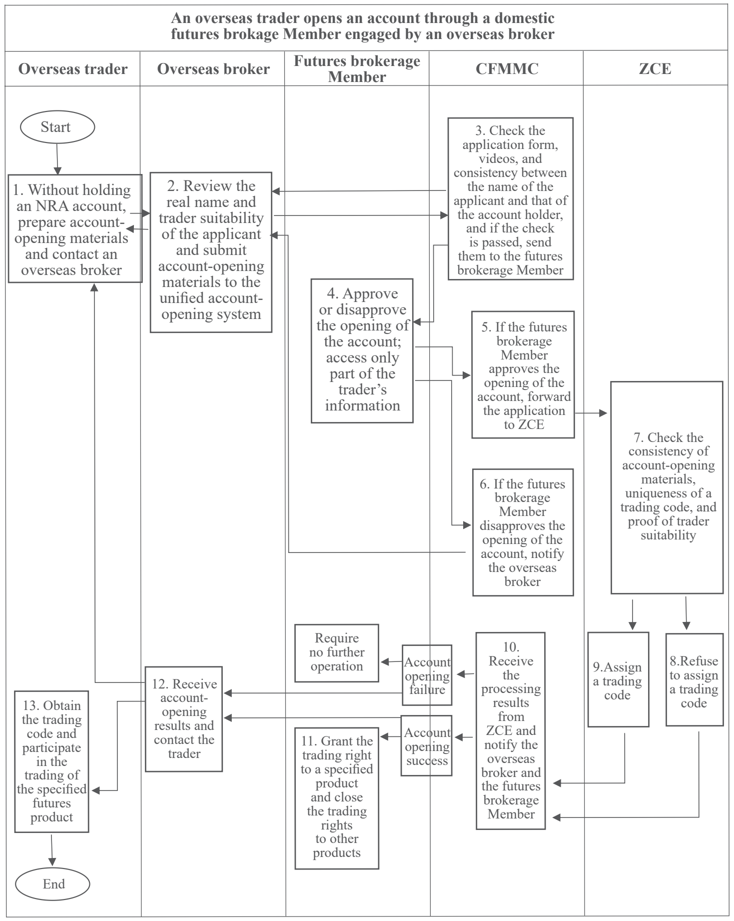
(II) Account Opening Process

1. Through a directly engaged domestic futures brokerage Member



A futures brokerage Member and overseas broker shall, on behalf of a trader, apply for or deregister a trading code or modify the trader's materials relating to the trading code via the unified account-opening system according to CFMMC's applicable account-opening rules.

2. Through a domestic futures brokerage Member engaged by an overseas broker



IV. Clearing Rules

(I) Fund Accounts

An overseas broker, or an overseas trader who directly participates in the trading of futures on the Exchange through a domestic futures brokerage Member, shall open special clearing accounts in RMB and foreign currencies with futures margin depository banks ("depository banks"). An overseas trader who participates in the trading of futures on the Exchange through an overseas broker may open accounts with any overseas banks for clearing with the overseas broker.

The Exchange and its futures brokerage Members shall open their respective special clearing accounts and special margin accounts in foreign currencies with depositary banks for handling the receipt, payment, conversion, and transfer of funds in connection with the trading of specified futures products. The Exchange and its futures brokerage Members shall, as required, file their business in specified futures products with the local offices of the State Administration of Foreign Exchange and submit on time their balance of payments and other statistics to such local offices.

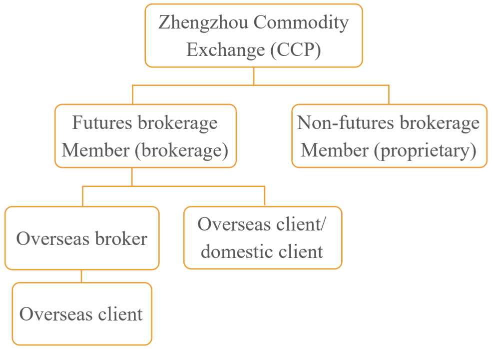
(II) Use of Foreign Currencies

Overseas traders may use foreign currencies as margin. The types, conversion and applicability of such foreign currencies shall be determined, adjusted, and announced by the Exchange. Currently, US dollars are the foreign currency available to be used as margin. The market value of US dollars is calculated based on the daily RMB central parity rate published by the China Foreign Exchange Trade System (CFETS) and at a discount rate of 0.05%.

Foreign currencies used as margin are daily marked to market. By the market close on a trading day, the market value of foreign currencies will be calculated based on the RMB central parity rate published by CFETS on the previous trading day. At daily clearing, the market value of a Member's foreign currencies used as margin will be re-calculated based on the daily RMB central parity rate, and the value of such foreign currencies used as the margin of such Member will be automatically adjusted.

(III) Clearing Process

After the introduction of overseas traders to the trading of rapeseed product futures and options, RMB remains the base clearing currency and continues to be used for clearing between the Exchange and its Members and between Members and their clients. However, clients may choose to use USD as the currency for the withdrawal of funds. The amount of RMB funds converted from foreign currencies cannot be withdrawn in RMB.



The Exchange will clear for its futures brokerage Members and non-futures brokerage Members; the futures brokerage Members will clear for their domestic and overseas clients and any overseas brokers who have engaged them; the overseas brokers will in turn clear for their overseas clients.

At daily clearing, the Exchange will clear for its Members in RMB and send the clearing results to them. A Member's system will automatically calculate the gains or losses of each of its overseas clients and overseas brokers based on the actual results of their trading in specified futures products on each trading day and generate a daily foreign currency conversion quota for each of them. The fourth Monday of each month is the cut-off date for the conversion of foreign currencies. If such cut-off date falls on a trading day, and the calculation of the cumulative net gains or losses of an overseas client or overseas broker cannot continue, a Member shall complete the foreign currency conversion procedures by the market close of the next trading day based on the daily foreign currency conversion quota for such overseas client or overseas broker.

V. Delivery Rules

According to Article 6, Chapter 1 of the Measures for the Administration of Futures Delivery of Zhengzhou Commodity Exchange, any client that is not able to deliver or accept special/general VAT invoices or other documents recognized by the Exchange shall not make or take delivery. Therefore, overseas clients cannot conduct delivery against rapeseed oil, rapeseed meal, and peanut kernel futures for the time being.

VI. Risk Management Rules

To participate in the trading of rapeseed product futures and options, overseas traders will be subject to the same risk management rules as applicable to domestic clients, including but not limited to position limit, trading limit, larger position reporting, and forced liquidation. The Exchange will apply the same rules to domestic and overseas traders when dealing with abnormal trading behaviors, violations, and accounts involving actual controlling relationship.