Appendix 6

**Risk Management Rules of the Shanghai Futures Exchange**

**(Amended)**

**Article 5** The Exchange applies different rates of trade margin for a futures contract based on the size of open interest and the stage of its lifecycle (i.e., from the listing day to the last trading day), except otherwise specified in this Article 5.

Trade margin for fuel oil and hot-rolled coil futures contract will no longer vary by the size of open interest.

The specific rates are as follows:

(i) Open interest-based trade margin rates:

**Table 12. Open Interest-Based Trade Margin for Fuel Oil Futures**

|  |  |
| --- | --- |
| As from the first trading day following listing, when gross open interest (X) reaches | Trade Margin |
| X ≤ 100,000 | 8% |
| 100,000 < X ≤ 150,000 | 10% |
| 150,000 < X ≤ 200,000 | 12% |
| X > 200,000 | 15% |

Note: X denotes the gross open interest (long plus short), in lots, in the futures contract.

**Table 1312. Open Interest-Based Trade Margin for Bitumen Futures**

|  |  |
| --- | --- |
| As from the first trading day following listing, when gross open interest (X) reaches | Trade Margin |
| X ≤ 300,000 | 4% |
| 300,000 < X ≤ 500,000 | 6% |
| X > 500,000 | 8% |

Note: X denotes the gross open interest (long plus short), in lots, in the futures contract.

During the course of trading, the rate of trade margin for futures contract will not be adjusted immediately even if the gross open interest reaches a threshold for adjustment (see Tables 1 to 1312 for details). Nevertheless, if the gross open interest reaches such a threshold at the time of daily clearing, the Exchange will adjust and assess the trade margin for all the open positions in that contract at the corresponding rate. Anyone with insufficient margin balance shall deposit additional funds to meet the margin requirement by market open of the next trading day.

(ii) Trading stage-based (as contract approaches the delivery period) trade margin rates:

**Table 1413. Stage-Based Trade Margin for Copper Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 5% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 1514. Stage-Based Trade Margin for Aluminum Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 5% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 1615. Stage-Based Trade Margin for Zinc Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 5% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 1716. Stage-Based Trade Margin for Lead Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 5% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 1817. Stage-Based Trade Margin for Nickel Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 5% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 1918. Stage-Based Trade Margin for Tin Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 5% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 2019. Stage-Based Trade Margin for Rebar Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 5% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 2120. Stage-Based Trade Margin for Wire Rod Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 7% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 2221. Stage-Based Trade Margin for Hot-Rolled Coil Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 4% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 2322. Stage-Based Trade Margin for Gold Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 4% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 2423. Stage-Based Trade Margin for Silver Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 4% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 2524. Stage-Based Trade Margin for Natural Rubber Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 5% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 2625. Stage-Based Trade Margin for Fuel Oil Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 8% |
| As of the tenth trading day of the second month prior to the delivery month | 10% |
| As of the tenth trading day of the month prior to the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

**Table 2726. Stage-Based Trade Margin for Bitumen Futures**

|  |  |
| --- | --- |
| **Stage of Trading** | **Trade Margin** |
| As of listing | 4% |
| As of the first trading day of the month prior to the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day prior to the last trading day | 20% |

When a futures contract approaches a stage of trading that requires a trade margin adjustment (see Tables 1314 to 2627 for details), the Exchange shall, at daily clearing on the trading day prior to the day that such adjustment shall take effect, settle existing positions at the new rate of trade margin. Anyone with insufficient margin balance shall deposit additional funds to meet the margin requirement by market open of the next trading day.

During the delivery month, a seller may post standard warrants as a performance security for the corresponding size of open positions in the delivery month, in which case the trade margin requirement for those positions will be waived.

**Article 18** The relative and absolute position limit for each futures contract at different stage of trading for an FF member, a non-FF member, and a customer are as follows:

**Table 2827. Relative and Absolute Position Limits for Copper, Aluminum, Zinc, Rebar, and Wire Rod Futures Contracts**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | From day of listing to the delivery month | From day of listing to last trading day of the second month prior to the delivery month | Month prior to the delivery month | Delivery month |
| Gross open interest (lots) | Relative position limit (%) | Gross open interest (lots) | Relative position limit (%) | Absolute position limit (lots) | Absolute position limit (lots) |
| FF | Non-FF | Customer | Non- FF | Customer | Non- FF | Customer |
| Copper | ≥ 120,000 | 25 | ≥ 120,000 | 10 | 5 | 1,200 | 800 | 500 | 300 |
| Aluminum | ≥ 120,000 | 25 | ≥ 120,000 | 10 | 5 | 1,500 | 1,000 | 500 | 300 |
| Zinc | ≥ 120,000 | 25 | ≥ 120,000 | 10 | 5 | 1,200 | 8,00 | 500 | 300 |
| Rebar | ≥ 1,200,000 | 25 | ≥ 1,200,000 | 10 | 5 | 9,000 | 3,000 | 1,800 | 600 |
| Wire rod | ≥ 450,000 | 25 | ≥ 450,000 | 10 | 5 | 6,000 | 1,800 | 1,200 | 360 |

Note: Gross open interest is long and short positions combined; relative and absolute position limits for FF members, non-FF members, and customers is calculated based on the larger side position; the relative position limit for FF members is the baseline limit.

**Table 2928. Relative and Absolute Position Limits for Fuel Oil Futures Contracts**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | From day of listing to the month prior to the delivery month | From day of listing to the last trading day of the third month prior to the delivery month | Second month prior to the delivery month | Month prior to the delivery month |
| Gross open interest (lots) | Relative position limit (%) | Absolute position limit (lots) | Absolute position limit (lots) | Absolute position limit (lots) |
| FF | Non-FF | Customer | Non-FF | Customer | Non-FF | Customer |
| Fuel oil | ≥ 100,000 500,000 | 25 | 500 7,500 | 500 7,500 | 300 1,500 | 300 1,500 | 100 500 | 100 500 |

Note: Gross open interest is long and short positions combined; relative and absolute position limits for FF members, non-FF members, and customers is calculated based on the larger side position; the relative position limit for FF members is the baseline limit.

**Table 3029. Relative and Absolute Position Limits for Lead, Nickel, Tin, Natural Rubber, Bitumen, Gold, Silver, and Hot-Rolled Coil Futures Contracts**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | From day of listing to the delivery month | From day of listing to the last trading day of the second month prior to the delivery month | Month prior to the delivery month | Delivery month |
| Gross open interest (lots) | Relative position limit (%) | Absolute position limit (lots) | Absolute position limit (lots) | Absolute position limit (lots) |
| FF | Non-FF | Customer | Non-FF | Customer | Non-FF | Customer |
| Lead | ≥ 200,000 | 25 | 2,500 | 2,500 | 1,000 | 1,000 | 300 | 300 |
| Nickel | ≥ 240,000 | 25 | 9,000 | 9,000 | 3,000 | 3,000 | 600 | 600 |
| Tin | ≥ 60,000 | 25 | 2,000 | 2,000 | 600 | 600 | 200 | 200 |
| Natural rubber | ≥ 50,000 | 25 | 500 | 500 | 150 | 150 | 50 | 50 |
| Bitumen | ≥ 300,000 | 25 | 8,000 | 8,000 | 1,500 | 1,500 | 500 | 500 |
| Gold | ≥ 160,000 | 25 | 3,000 | 3,000 | 900 | 900 | 300 | 300 |
| Silver | ≥ 300,000 | 25 | 6,000 | 6,000 | 1,800 | 1,800 | 600 | 600 |
| Hot-rolled coil | ≥ 3,600,000 | 25 | 180,000 | 180,000 | 9,000 | 9,000 | 1,800 | 1,800 |

Note: Gross open interest is long and short positions combined; relative and absolute position limits for FF members, non-FF members, and customers is calculated based on the larger side position; the relative position limit for FF members is the baseline limit.

**Article 19** The Exchange may adjust the position limit of an FF member based on its net assets and operating results as follows:

Position limit = baseline × (1 + credit coefficient + business coefficient),

where “baseline” is the minimum position limit set by the Exchange for an FF member, as provided in Tables 2827 to 3029 in Article 18;

“credit coefficient” is a variable based on the net assets of the FF member, with the baseline set to 0, corresponding to RMB thirty (30) million in net assets, and incremented by 0.1 for each RMB five (5) million in net assets, to a maximum value of 2;

“business coefficient,” whose value is tentatively divided into five bands, is a variable based on the trading turnover of the FF member, with the baseline set to 0, corresponding to RMB eight (8) billion in turnover, and incremented according to Table 3130 depending on the actual turnover, to a maximum value of 1.

**Table 3130**

|  |  |  |
| --- | --- | --- |
| **Band** | **Annual trading turnover (C1, in RMB billion)** | **Business coefficient** |
| 1 | C1 ≤ 8 | 0 |
| 2 | 8 < C1 ≤ 16 | 0.25 |
| 3 | 16 < C1 ≤ 28 | 0.50 |
| 4 | 28 < C1 ≤ 40 | 0.75 |
| 5 | C1 > 40 | 1.00 |