FROM: Shanghai Futures Exchange
SUBJECT: Announcement on Issuance of the Standard Nickel Cathode and Tin Contract Specifications and Related Rules of the Shanghai Futures Exchange
FILING SERIAL: [2015] No. 4

March 13, 2015

The Standard Nickel Cathode Contract Specifications and the Standard Tin Contract Specifications are approved by the Chinese Securities Regulatory Commission (the "CSRC"). The Risk Management Rules of the Shanghai Futures Exchange (Amendment), the Delivery Rules of the Shanghai Futures Exchange(Amendment),, the Hedging Rules of the Shanghai Futures Exchange (Amendment),and the Spread Trading Rules of the Shanghai Futures Exchange (Amendment) are approved by the 2nd Session of the Board Meeting of the Exchange and submitted to the CSRC for filing. The aforesaid contract specifications and related rules are hereby published and shall be enforced from the listing day of these two contracts.

Appendix:

1. Standard Nickel Cathode Contract Specifications of the Shanghai Futures Exchange
2. Standard Tin Contract Specifications of the Shanghai Futures Exchange
3. Risk Management Rules of the Shanghai Futures Exchange (Amendment)
4. Delivery Rules of the Shanghai Futures Exchange (Amendment)
5. Hedging Rules of the Shanghai Futures Exchange (Amendment)
6. Spread Trading Rules of the Shanghai Futures Exchange (Amendment)

Appendix-1

Standard Nickel Cathode Contract Specifications

Product	Nickel
Contract Size	1 ton/lot
Price Quotation	(RMB) Yuan/ton
Minimum Price Fluctuation	10 Yuan/ton
Daily Price Limit	Within 4% above or below the settlement price of the previous trading day
Contract Series	Monthly contract of the recent 12 months from January to December
Trading Hours	9:00a.m. – 11:30a.m., 1:30p.m. – 3:00p.m., and other trading hours as prescribed by SHFE
Last Trading Day	The 15th day of the delivery month (If it is a public holiday, the Last Trading Day shall be the 1st business day after the holiday)
Delivery Period	5 consecutive business days after the last trading day
Grade and Quality Specifications	Standard products: nickel cathode as prescribed in the National Standard of GB/T 6516-2010 Ni9996, with the total content of nickel and cobalt ≥ 99.96%. Substitutions: nickel cathode as prescribed in the National Standard of GB/T 6516-2010 Ni9996, with the total content of nickel and cobalt ≥ 99.99%, or as prescribed in ASTM B39-79(2013), with the content of

	nickel $\geq$ 99.8%.
Delivery Venue	SHFE Certified Delivery Warehouse
Minimum Trade Margin	5% of contract value
Minimum Warranted Delivery Size	6 tons
Settlement Type	Physical Delivery
Contract Symbol	NI
Exchange	SHFE

Appendix-2

Standard Tin Contract Specifications

Product	Tin
Contract Size	1 ton/lot
Price Quotation	(RMB) Yuan/ton
Minimum Price Fluctuation	10 Yuan/ton
Daily Price Limit	Within 4% above or below the settlement price of the previous trading day
Contract Series	Monthly contract of the recent 12 months from January to December
Trading Hours	9:00a.m. – 11:30a.m., 1:30p.m. – 3:00p.m., and other trading hours as prescribed by SHFE
Last Trading Day	The 15th day of the delivery month (If it is a public holiday, the Last Trading Day shall be the 1st business day after the holiday)
Delivery Period	5 consecutive business days after the last trading day
Grade and Quality Specifications	Standard Product: tin ingot as prescribed in the National Standard of GB/T 728-2010 Sn99.90A, with the content of tin $\geq$ 99.90%. Substitutions: tin ingots as prescribed in the National Standard of GB/T 728-2010 Sn99.90AA, with the content of Tin $\geq$ 99.90%, or as prescribed in the Sn99.95A or Sn99.95AA, with the content of tin $\geq$ 99.95%, or as prescribed in Sn99.99A, with the

	content of tin $\geq$ 99.99%.
Delivery Venue	SHFE Certified Delivery Warehouse
Minimum Trade Margin	5% of contract value
Minimum Warranted Delivery Size	2 tons
Settlement Type	Physical Delivery
Contract Symbol	SN
Exchange	SHFE

Appendix to Standard Tin Futures Contract of the Shanghai Futures Exchange

I. Delivery unit

The contract size of standard tin futures contract is 1 ton per lot and the delivery unit is 2 tons per warrant. Each delivery shall be carried out based on the integral multiple(s) of each warrant.

II. Quality Specifications

1. Tin ingots used for physical delivery shall comply with all specifications prescribed in the National Standard of GB/T 728-2010 Sn99.90A, with the total content of the tin ≥ 99.90%.
2. Appearance and weight per piece: the tin is delivered in the form of ingot.
3. Differences between standard warrant weight and actual delivery weight shall not exceed ± 3%, and weight difference shall not exceed ± 0.1%.
4. Each warrant of tin shall consist of commodity of the same manufacturer, nameplate, registered trade mark, quality grade, shape and approximate weight per piece.
5. Each warrant of tin shall be the registered brand approved by the Exchange and attached with quality certificate.

6. The warrant shall be issued by the Exchange certified delivery warehouse after passing its acceptance check based on applicable regulations.

III. Products Registered with the Exchange

Tin ingots used for physical delivery shall be of the brand registered with the Exchange. The specific registered brands as well as the premium and discount standard will be announced by the Exchange.

IV. Certified Delivery Warehouse

The list of the certified delivery warehouses will be announced by the Exchange. The premium and discount for delivery warehouses at different locations will also be announced by the Exchange.

Appendix to Standard Nickel Cathode Futures Contract of the Shanghai Futures Exchange

I. Delivery unit

The contract size of the standard nickel cathode futures contract is 1 ton per lot and the delivery unit is 6 tons per warrant. Each delivery shall be carried out based on the integral multiple(s) of each warrant.

II. Quality Specifications

1. Nickel cathode used for physical delivery shall comply with all specifications prescribed in the National Standard of GB/T 6516-2010 Ni9996, with the total content of the nickel and cobalt ≥ 99.96%.
2. Appearance: the nickel is delivered in the form of plate.
3. Differences between standard warrant weight and actual delivery weight shall not exceed ± 3%, and weight difference shall not exceed ± 0.1%.
4. Each warrant of nickel cathode shall consist of commodity of the same manufacturer, nameplate, registered trade mark, quality grade, shape and approximate weight per piece.
5. Each warrant of nickel cathode shall be the registered brand approved by the Exchange and attached with quality certificate.
6. The warrant shall be issued by the Exchange certified delivery

warehouse after passing its acceptance check based on applicable regulations.

III. Products Registered with the Exchange

Nickel cathode used for physical delivery shall be of the brand registered with the Exchange. The specific registered brands as well as the premium and discount standard will be announced by the Exchange.

IV. Certified Delivery Warehouse

The list of the certified delivery warehouses will be announced by the Exchange. The premium and discount for delivery warehouses at different locations will also be announced by the Exchange.

Appendix-3

RISK MANAGEMENT RULES

(AMENDMENT)

Chapter 1 GENERAL PROVISIONS

Article 1 These Risk Management Rules are made, in accordance with the General Exchange Rules of the Shanghai Futures Exchange, to apply risk management to futures markets, safeguard the legitimate interests of the futures market participant and guarantee the futures trading activities on or through the Shanghai Futures Exchange, or the Exchange.

Article 2 The Exchange applies the risk management regimes including the Margin Requirement, the Price Limit, the Speculative Position Limit, the Large Trader Reporting, the Forced Position Liquidation and the Risk Warning.

Article 3 These Risk Management Rules are binding on the Exchange, its members and their customers.

Chapter 2 THE MARGIN REQUIREMENT

Article4 The Exchange applies a minimum trade margin rate based on a contract's notional value. The minimum trade margin rates of futures are shown as follows:

- Gold futures 4%
- Silver futures 4%
- Bitumen futures 4%
- Hot-rolled coil futures 4%
- Copper cathode, or copper, futures 5%
- Aluminum futures 5%
- Zinc futures 5%
- Lead futures 5%
- Nickel futures 5%

- Tin futures 5%
- Steel rebar futures 5%
- Natural rubber futures 5%
- Wire rod futures 7%
- Fuel oil futures 8%

When the following events or conditions occur in the process of trading in a futures contract, the Exchange may, in its sole discretion, adjust the trade margin for a contract:
i) open interest reaches a fixed level;
ii) the delivery period approaches;
iii)the price variation of a contract amounts to a certain rate after a consecutive number of trading days;
iv) the same direction limit-locked market remains for a consecutive number of trading days;
v) a long public holiday is approaching;
vi) the Exchange, in its discretion, decides that the risk of the market is increasing; and
(vii) other events or conditions the Exchange deems necessary to adjust the trade margin for a contract.

The Exchange shall issue a public announcement and report to the China Securities Regulatory Commission, or the CSRC, before adjusting the trade margin for a futures contract.

Article5 The Exchange applies different rates of trade margin for a futures contract based on its amount of open interest and the different period of trading from its listing to its last trading day, as provided in the following details, except otherwise specified in this Article 5:

Trade margin for the hot-rolled coil futures contract is not based on its amount of open interest.

i) The Exchange shall set rates of the trade margin based on a contract's amount of open interest, as demonstrated in the following tables:

Table 1.Trade margin for the copper futures contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X≤240,000	5%
240,000<X≤280,000	6.5%

280,000<X⩽320,000	8%
X>320,000	10%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 2.Trade margin for the aluminum futures contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽240,000	5%
240,000<X⩽280,000	6.5%
280,000<X⩽320,000	8%
X>320,000	10%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 3. Trade margin for the zinc futures contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽240,000	5%
240,000<X⩽280,000	6.5%
280,000<X⩽320,000	8%
X>320,000	10%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 4.Trade margin for the lead futures contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽200,000	5%
200,000<X⩽300,000	10%
X>300,000	12%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 5. Trade margin for the nickel contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽240,000	5%
240,000<X⩽360,000	8%
X>360,000	10%

Note: the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract.

Table 6. Trade margin for the tin contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽60,000	5%
60,000<X⩽90,000	8%
X>90,000	10%

Note: the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract.

Table 7.Trade margin for the steel rebar contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽1,200,000	5%
1,200,000<X⩽1,350,000	7%
1,350,000<X⩽1,500,000	9%
X>1,500,000	11%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 8.Trade margin for the wire rod futures contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery	Trade margin based on the notional value of the contract as

month, when the open interest amounts to	of that date:
X⩽450,000	7%
450,000<X⩽600,000	8%
600,000<X⩽750,000	10%
X>750,000	12%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 9.Trade margin for the gold futures contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽16,000	4%
16,000<X⩽20,000	6%
20,000<X⩽24,000	8%
X>24,000	10%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 10.Trade margin for the silver futures contract based on the amount of open interest

As of the first trading day of the third month prior to the delivery month, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽300,000	4%
300,000<X⩽600,000	7%
X>600,000	10%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 11.Trade margin for the natural rubber futures contract based on the amount of open interest

As of the first trading day of the listing, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X⩽80,000	5%
80,000<X⩽120,000	8%
120,000<X⩽160,000	10%

X>160,000	12%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 12.Trade margin for the fuel oil futures contract based on the amount of open interest

As of the first trading day of the listing, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X≤100,000	8%
100,000<X≤150,000	10%
150,000<X≤200,000	12%
X>200,000	15%

Note :the open interest (in lots) is denoted as “X” and that X refers to the gross open interest in lots of all the longs and shorts of a futures contract

Table 13. Trade margin for the bitumen futures contract based on the amount of open interest

As of the first trading day of the listing, when the open interest amounts to	Trade margin based on the notional value of the contract as of that date:
X≤300,000	4%
300,000<X≤500,000	6%
X>500,000	8%

In the process of trading in a futures contract, when its open interest reaches the levels as set forth in Tables 1-13, above, no adjustment is to be made to the trade margin. Nonetheless, at the time of daily clearing, when the futures contract’s open interest reaches the levels as set forth in Tables 1-10, above, the Exchange will, accordingly, adjust and access the trade margin for all the long and short positions in that contract pursuant to the rate specified in Tables 1-10. If the holder of a long or short position becomes insufficient with his margins, he shall deposit funds to meet the margin requirements by the opening of the next trading day.

ii) The Exchange shall set the rates of the trade margin at the different period of trading from the listing to the last trading day near the delivery period of a futures contract, as demonstrated in the following tables:

Table 14.Trade margin for the copper futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	5%
As of the first trading day of the first 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 15.Trade margin for the aluminum futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	5%
As of the first trading day of the first 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 16.Trade margin for the zinc futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	5%
As of the first trading day of the first 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 17.Trade margin for the lead futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the

	notional value of the contract as of that date:
As of listing	5%
As of the first trading day of the first 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 18. Trade margin for the nickel futures contract at the different periods of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	5%
As of the first trading day of the first 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 19. Trade margin for the tin futures contract at the different periods of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	5%
As of the first trading day of the first 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 20.Trade margin for the steel rebar futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the

	notional value of the contract as of that date:
As of listing	5%
As of the first trading day of the first 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 21.Trade margin for the wire rod futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	7%
As of the first trading day of the first 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 22.Trade margin for the hot-rolled coil futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	4%
As of the first trading day of the first 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 23.Trade margin for the gold futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the

	notional value of the contract as of that date:
As of listing	4%
As of the first trading day of the first 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 24.Trade margin for the silver futures contract at the different period of trading from its listing to its last trading day

Trading period	Trade margin based on the notional value of the contract as of that date:
As of listing	4%
As of the first trading day of the first 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 25.Trade margin for the natural rubber futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	5%
As of the first trading day of the first 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 26.Trade margin for the fuel oil futures contract at the different period of trading from its listing to its last trading day

Period of Trading	Trade margin based on the notional value of the contract as

	of that date:
As of listing	8%
As of the first trading day of the second month prior to the delivery month	10%
As of the first trading day of the first month prior to the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 27. Trade margin for the bitumen futures contract at the different period of trading from its listing to its last trading day

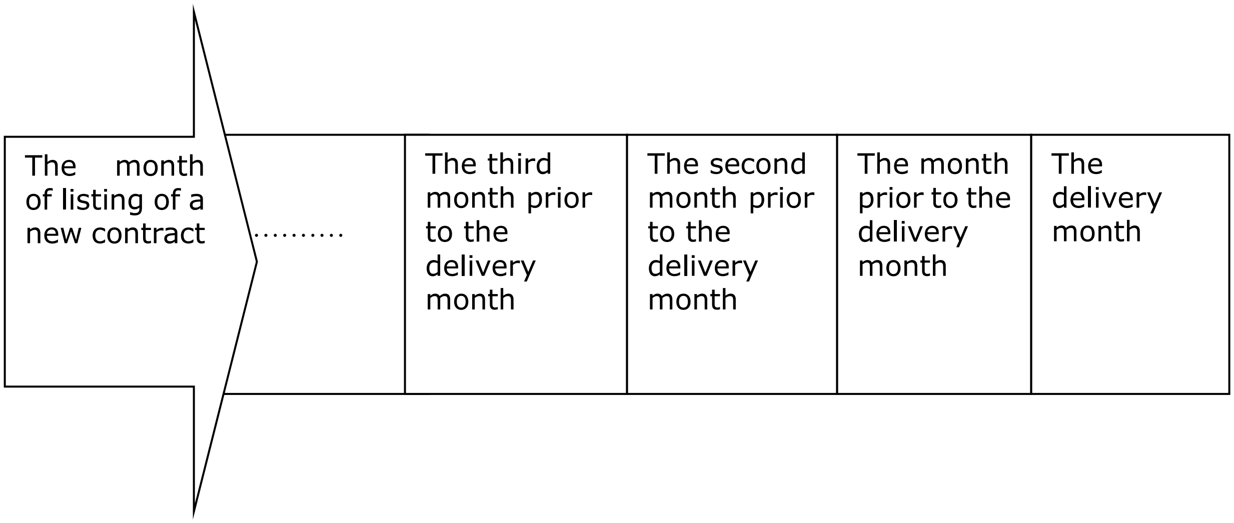
Period of Trading	Trade margin based on the notional value of the contract as of that date:
As of listing	4%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

When a futures contract comes to a period of trading that requires an increase in trade margin, as demonstrated in Tables 14-27, above, the Exchange shall, at the daily clearing on the trading day prior to the next trading day when the new period begins, settle the positions opened before the next trading day based on the new trade margin rate to be applied to the next trading day. If a holder of a long or short position becomes insufficient with his margins, the holder must deposit funds to meet the new margin requirement by the opening of the next trading day.

When he is in the delivery month, the holder of a short position may use his standard warrants as collateral to guarantee his performance of the futures contracts with equivalent amount of positions he holds of the delivery month, in which case the holder will not be subject to any margin requirement for those positions.

iii) The following is an example of the period of trading of the futures contract, Cu0305, from its listing to its last trading day:
The period of trading of Cu0305 is from May 16, 2002 to May 15, 2003;
The date of listing is May 16, 2002;

The last trading day is May 15, 2003;
The trading day prior to the last trading day is May 14, 2003;
The second trading day prior to the last trading day is May 13, 2003;
The delivery month is May, 2003;
The month prior to the delivery month is April, 2003;
The second month prior to the delivery month is March, 2003; and
The third month prior to the delivery month is February, 2003.



The chronology provided in this Article 5(iii)which exemplifies the period of trading of a futures contract will be used in these Risk Management Rules.

Article6 In the event that trading in a futures contract reaches a limit price, the margin requirements set forth in Chapter 3 of these Risk Management Rules shall apply.

Article7
i) For the contracts of copper futures, aluminum futures, zinc futures, steel rebar futures, wire rod futures or hot-rolled coil futures:

(a) when the price variation in aggregate (denoted as N) reaches 7.5% or more on three (3) consecutive trading days (denoted as D1-D3,) or
(b) when the price variation in aggregate(denoted as N) reaches 9% or more on four (4)consecutive trading days (denoted as D1-D4) or
(c) when the price variation in aggregate(denoted as N) reaches10.5% or more on five (5) consecutive trading days (denoted as D1-D5),

the Exchange may, in its sole discretion, exercise the following one or more measures:

- require additional trade margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the members;
- limit the withdrawal of funds to a part of or all the members;
- suspend the opening of new positions for a part of or all of the members;
- adjust the limit price, but not to over twenty percent (20%) up or down;
- order the liquidation of positions by a prescribed deadline; and/or
- exercise forced position liquidation.

(ii) For the lead futures contract, nickel futures contract, tin futures contract or the gold futures contract:

(a) when the price variation in aggregate (denoted as N) reaches 10% or more on three (3) consecutive trading days (denoted as D1-D3,) or
(b) when the price variation in aggregate(denoted as N) reaches 12% or more on four (4) consecutive trading days (denoted as D1-D4) or
(c) when the price variation in aggregate (denoted as N) reaches 13% or more on five (5) consecutive trading days (denoted as D1-D5)

the Exchange may, in its sole discretion, exercise the following one or more measures:

- require additional trade margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the members;
- limit the withdrawal of funds to a part of or all the members;
- suspend the opening of new positions for a part of or allof the members;
- adjust the limit price, but not to over twenty percent (20%) up or down;
- order the liquidation of positions by a prescribed deadline; and/or
- exercise forced position liquidation.

(iii) For the natural rubber or bitumen futures contract:

(a) when the price variation in aggregate (denoted as N) reaches 9% or more on three (3) consecutive trading days (denoted as D1-D3,) or
(b) when the price variation in aggregate (denoted as N) reaches 12% or more on four (4) consecutive trading days (denoted as D1-D4) or
(c) when the price variation in aggregate (denoted as N) reaches 13.5% or more on five (5) consecutive trading days (denoted as D1-D5),

the Exchange may, in its sole discretion, exercise the following one or more measures:

- require additional trade margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the members;
- limit the withdrawal of funds to a part of or all the members;
- suspend the opening of new positions for a part of or all of the members;
- adjust the limit price, but not to over twenty percent (20%) up or down;
- order the liquidation of positions by a prescribed deadline; and/or
- exercise forced position liquidation.

iv) For the fuel oil futures or the silver futures contract,
(a) when the price variation in aggregate (denoted as N) reaches 12% or more on three (3) consecutive trading days (denoted as D1-D3,) or
(b) when the price variation in aggregate (denoted as N) reaches 14% or more on four (4) consecutive trading days (denoted as D1-D4) or
(c) when the price variation in aggregate (denoted as N) reaches 16% or more on five (5) consecutive trading days (denoted as D1-D5),

the Exchange may, in its sole discretion, exercise the following one or more measures:

- require additional trade margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the members;
- limit the withdrawal of funds to a part of or all the members;
- suspend the opening of new positions for a part of or allof the members;
- adjust the limit price, but not to over twenty percent (20%) up or down;
- order the liquidation of positions by a prescribed deadline; and/or
- exercise forced position liquidation.

The N is calculated using the following formula:

$$N = \frac{Pt - Po}{Po} \times 100\%, \text{ where } t=3,4,5;$$

P_0 is the settlement price of the trading day prior to D1;
$P_t$is the settlement price of the trading day and t=3, 4, 5;
P_3 is the settlement price of D3;
P_4 is the settlement price of D4;

P_5 is the settlement price of D5.

The Exchange shall report to the CSRC before taking any action as provided in this Article 7.

Article8 In the event that two or more trade margin rates are applicable as prescribed in this Chapter 2, the higher or the highest shall be applied as the trade margin.

Chapter 3 THE PRICE LIMIT

Article9 The Exchange applies the Price Limit which sets the maximum price variation for each futures contract during a trading day.

The Exchange will, in its sole discretion, adjust the limit price for a futures contract when any of the following events or conditions occur:
i)the same direction limit-locked market exists in the trading of a futures market;
ii) A long public holidays is approaching;
iii) the Exchange, in its discretion, decides that the risk of the market is increasing; and
iv) other events or conditions the Exchange deems necessary to adjust the limit price in a market.

The Exchange shall make a public announcement and report to the CSRC of its decision to adjust the limit price.

In the event that two or more limit prices are applicable as prescribed in this Chapter 3, the higher or the highest shall be applied as the limit price.

Article 10 When a futures contract is traded at the limit price, trades shall be matched with priority given to the bids or the asks which facilitates the close-out of the open interest, except for new positions opened on the current day, and based on the “time priority” rule.

Article 11 The term “limit-locked market” means the situation in which within the five (5) minutes prior to the close of a trading day, there are only bids (asks) but no asks (bids) at the limit price, or any asks (bids) are instantly filled while the limit price still exists. The term “same direction limit-locked market” means the situation in which the limit-locked market exists for two (2) consecutive trading days. The term “reverse direction limit-locked market” means the situation in which on the trading day following a limit-locked market, the limit-locked market goes to the opposite direction.

Article12 In the event that a limit-locked market occurs for a futures contract on a trading day (denoted as D1 whereas the previous trading day is D0 and the successive trading days are D2-D6,)

(i) the limit price for D2 shall be fixed at three percent (3%) on top of that for D1 for contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, gold futures, silver futures, natural rubber futures, fuel oil futures and bitumen.
(ii) At the daily clearing of D1, the trade margin shall be fixed at two percent (2%) on top of the limit price for D2 for the contracts as listed in paragraph (i) of this Article 12. If the trade margin as adjusted is smaller than what is applied on D0 to the daily clearing, the same trade margin as applied on D0 will be used as the trade margin for that contract.

If D1 is the first trading day for a newly listed contract, the contract’s trade margin on the day of its listing shall be used as the trade margin applied to the daily clearing of D0.

Article13 If a limit-locked market does not occur on D2, the limit price and trade margin for D3 will return to their regular level.

The occurrence of a reverse direction limit-locked market which occurs on D2 shall trigger a new round of a limit-locked market, i.e. D2 shall become D1 for the new round of limit-locked market, and the margin rate and the limit price for the following trading day shall be set pursuant to the Article 12 of these Risk Management Rules.

If the same direction limit-locked market exists on D2,
i) the limit price for D3 shall be fixed at five percent (5%) on top of the limit price for D1 for the contracts listed in Article 12(i) of these Risk Management Rules, except that it shall be fixed at six percent (6%) for the silver futures contract; and
ii) at the daily clearing of D2, the trade margin shall be fixed at two percent (2%) on top of the limit price for D3 for all the contracts listed in Article 12(i) of these Risk Management Rules except for the silver futures contract for which it will be set at three percent (3%) on top of the limit price for D3. If the adjusted trade margin is smaller than what is applied on D0 to the daily clearing, the trade margin on D0 will be applied to meet the margin requirements for that contract.

Article14 If a limit-locked market does not occur on D3, the limit price and trade margin for D4 will return to the regular level.

The occurrence of a reverse direction limit-locked market which occurs on D3 shall trigger a new round of a limit-locked market, i.e. D3 shall be regarded as D1 for the new round of limit-locked market, and the margin rate and the limit price for the following trading day shall be set pursuant to the Article 12 of these Risk Management Rules.

If a same direction limit-locked market occurs on D3, which means, for three (3) consecutive trading days, the market has been locked in limit price, the Exchange will, at the daily clearing, use the same trade margin as applied on D2 for its daily clearing for the contracts listed in Article 12(i) of these Risk Management Rules and may, in its discretion, suspend withdrawal of funds by a part of or all of its members.

If a same direction limit-locked market occurs on D3,which means, for three (3) consecutive trading days, the market has been locked in limit price, and D3 is the last trading day of the contract, the contract shall move into its settlement and physical delivery phase; or if D4 is the last trading day, the limit price and trade margin for D3 will be extended to D4; or if neither of D3 nor D4 is the last trading day, trading in the contract will be suspended on D4, at which time the Exchange will, in its sole discretion, take either of the following measures on D4:

Alternative 1: the Exchange may make a public announcement that it will take one or more of the following actions on D5:

- require additional trade margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the members;
- limit the withdrawal of funds to a part of or all the members;
- suspend the opening of new positions for a part of or all of the members;
- adjust the limit price, but not to over twenty percent (20%) up or down;
- order the liquidation of positions by a prescribed deadline; and/or
- exercise forced position liquidation.

As the Exchange announces an adjustment to the margin level, the member with insufficient margin shall deposit funds to meet the adjusted margin requirement by the opening of D5. If the limit price for D5 is not triggered, the limit price and the trade margin for D6 will return to their regular levels. If the limit price for D5 is triggered and he is in the same direction as that of D3, the Exchange will announce that an emergency exists and exercise contingency measures as provided in the applicable rules of the Exchange. If the limit price for D5 is triggered but it is in the opposite direction to that of D3, a new round of a limit-locked market is triggered, and, therefore, D5 shall be regarded as D1 and the trade margin and limit price shall be set pursuant to the provisions in Article 12 of these Risk Management Rules. S

Alternative 2: At the daily clearing on D4, the Exchange shall automatically match all unfilled orders that are placed by the close of D3 at the limit price with the open interests held by each customer, or a non-FF member, who incurs gains on his net positions, on a pro rata basis in the open interest of the contract and at that limit price. If that customer, or the non-FF member, has both long and short positions, these positions will be matched and settled before being matched with those resting orders. The procedure is as follows:

i) Determination of the amount of the unfilled orders subject to the order fill:
The term "amount of unfilled orders subject to the order fill" means the total amount of all the unfilled orders submitted after the close of D3 at the limit price into the central order book by each customer who has incurred losses on net positions in the contract of an average level of no less than six percent (6%), or eight percent (8%) for natural rubber, fuel oil and bitumen futures contracts, of D3's settlement price. The customer unwilling to be subjected to this method may cancel the orders before the close of the market on D3, to avoid having the orders filled.

ii) Calculation of each customer's average gains or losses on net positions

$$\text{customer's average gains or losses on net positions} = \frac{\text{customer's gains or losses on net positions (in RMB)}}{\text{customer's net positions (in unit of weight)}},$$

For purposes of the above formula, the unit of weight is ton for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil futures, natural rubber, fuel oil and bitumen; kilogram for silver, and gram for gold.

The customer's gains or losses on net positions shall equal the amount-weighted sum of differences between the actual prices at which the customer's net positions in a contract which are still open on D3 and the settlement price on D3 of those net positions. For purposes of the foregoing calculation, the customer’s net positions in a contract which are still open on D3 refers to the positions resulting from the most recent transactions as of D3, where the total amount of such transactions is equal to the total amount of net positions still open on D3.

iii) Determination of positions eligible to fill the unfilled orders:
The positions eligible to fill the unfilled orders includes the net positions, on which the customer, as calculated using the formula in the Article 14 (ii), records average gains for speculative purposes or for hedging purposes at no less than six percent (6%), or eight percent (8%) for the natural rubber, fuel oil and bitumen futures contract.

iv) Principles and methods for the order fill of unfilled orders
1. Principles

a) Subject to Article 14(iii), the order fill of unfilled orders shall take place in the order of the following four categories with regard to the amount of gains and whether such positions are speculative or hedging:

Category 1:Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of any customer with average gains on net positions of no less than six percent (6%) of the settlement price on D3 for the contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, gold futures and silver futures, or the Speculative Position Gains Over 6%. For such positions involving contracts in natural rubber futures, fuel oil futures and bitumen futures, the average gains on net positions shall be no less than eight percent (8%), or the Speculative Position Gains Over 8%;

Category 2: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of any customer with average gains on net positions of no less than three percent (3%) but no more than six percent (6%) of the settlement price on D3 for contracts with respect to copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, gold futures and silver futures, or the Speculative Position Gains Over 3%. For such positions involving contracts in natural rubber futures, fuel oil futures and bitumen futures, the average positions on net positions shall be no less than four percent (4%) but no more than eight percent (8%),or the Speculative Position Gains Over 4%;

Category 3: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of a customer with average gains on net positions of no more than three percent (3%) of the settlement price on D3 for contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, gold futures and silver futures, or the Speculative Position Gains Below 3%. For such positions involving contracts in natural rubber futures, fuel oil futures and bitumen futures, the average gains on net positions shall be no more than four percent (4%), or the Speculative Position Gains Below 4%; and

Category 4: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of a customer with average gains on net positions of no less than six percent (6%) of the settlement price on D3 for contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, gold futures and silver futures, or the Hedging Position Gains Over 6%. For such positions involving contracts in natural rubber futures, fuel oil futures and bitumen futures, the average gains on net positions shall be no less than 8%, or the Hedging Positions Gains Over 8%.

b)In each category, the order fill shall be made pro rata to the amount of the positions available to fill the unfilled orders, compared to the amount of the unfilled orders, or the residual unfilled orders.

2.MethodAnd Procedures As Provided In The Appendix
a) Contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, gold futures, and silver futures

If the amount of the Speculative Position Gains of Over 6% is greater than or equal to that of the unfilled orders, the unfilled orders shall be filled pro rata to the amount of the Speculative Position Gains of Over 6%;

If the amount of the Speculative Position Gains of Over 6% is smaller than that of the unfilled orders, the Speculative Position Gains of Over 6% shall be filled pro rata to the amount of the unfilled orders. The residual unfilled orders, if any, shall be filled with the Speculative Positions Gains of Over 3% in the same manner as the foregoing, and if there are still orders remaining, the outstanding unfilled orders shall be filled to the Speculative Position Gains of Below 3%, and so to the Hedging Position Gains of Over 6%. Unfilled orders which eventually remain after all the order fills described above, if any, shall not be filled at all.

b) Contracts in natural rubber futures, fuel oil futures and bitumen futures

If the amount of the Speculative Position Gains of Over 8% is greater than or equal to that of the unfilled orders, the unfilled orders shall be filled pro rata to the amount of the Speculative Position Gains of Over 8%;

If the amount of the Speculative Position Gains of Over 8% is smaller than that of the unfilled orders, the Speculative Position Gains of Over 8% shall be filled pro rata to the amount of the unfilled orders. The residual unfilled orders, if any, shall be filled with the Speculative Positions Gains of Over 4% in the same manner as the foregoing, and if there are still orders remaining, the outstanding unfilled orders shall be filled to the Speculative Position Gains Below 4%, and so to the Hedging Position Gains of Over 8%. Unfilled orders which eventually remain after all the order fills described above, if any, shall not be filled at all.

v) Decimals Of The Unfilled Orders
Positions are filled to the unfilled orders posted to the central order book under each customer trader code. In the first step, the integral portion of the total size of unfilled orders posted under each customer trader code shall be filled. In the second step, the remaining unfilled portion, i.e. the portion in decimal number posted under each customer trader code, shall be filled according to the ranking of the customer trader codes from highest to lowest decimal with each customer trader code being filled with one (1) lot, except that if there are two or more customers with equal decimals that could be included in the fill, such fill shall be done on a random basis if there are no enough positions to fill the orders.

If market risk is mitigated after Alternative 2 is implemented, the limit price and the margin rate will return to their regular levels on the next trading day; otherwise, the Exchange shall announce that an emergency exists and shall resort to risk management measures pursuant to applicable rules prescribed by the Exchange.

Financial losses incurred as a result of the implementation of Alternative 2 shall be borne by the member and his customers.

Chapter 4 THE POSITION LIMIT

Article 15The Exchange applies the Position Limit. The term "position limit" means the maximum size of positions for the longs or the shorts each member or customer may hold in a futures contract as prescribed by the Exchange.

Notwithstanding the preceding paragraph, hedging positions shall be subject to the applicable rules of the Exchange.

Article 16 The following fundamental rules shall govern the Position Limit:
i) a specific position limit is set for each product and its futures contract, based on its particular conditions;
ii) different position limits levels are applicable to different period of trading of a contract, and the Exchange shall exercise stringent control over it in the delivery month of the contract;
iii) a position limit is imposed on the member and the customer simultaneously to control the risk. With respect to contracts in lead futures, nickel futures, tin futures, gold futures, natural rubber futures, fuel oil futures, bitumen futures, silver futures and hot-rolled coil futures, percentage-based position limit shall be imposed on the FF member and fixed-amount position limit shall be imposed on the non-FF member and his customer; and
iv)the opening of hedging positions shall be subject to the Exchange's approval.

Article 17 A customer's positions held at one or more FF members shall be aggregated to determine whether such open positions exceed the customer's fixed-amount position limit.

For contracts in copper futures, aluminum futures and zinc futures, by the close of the last trading day of the month prior to the delivery month, each member or each customer shall adjust their speculative positions held through the member, to multiples of five (5) lots and a one-day delay is allowed under special market conditions; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of five (5) lots.

For contracts in nickel futures, by the close of the last trading day of the month prior to the delivery month, each member or each customer shall adjust their speculative positions held through the member, to multiples of six (6) lots, with a one-day delay is allowed under special market conditions. In the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of six (6) lots as well.

For contracts in rebar futures, wire rod futures and hot-rolled coil futures, by the close of the last trading day of the month prior to the delivery month, each member or each customer shall adjust their speculative positions held through the member, to multiples of thirty (30) lots and a one-day delay is allowed under special market conditions; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of thirty (30) lots.

For contracts in gold futures, by the close of the last trading day of the month prior to the delivery month, each member or each customer shall adjust their speculative positions held through the member, to multiples of three (3) lots; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of three (3) lots.

For contracts in tin futures or silver futures, by the close of the last trading day of the month prior to the delivery month, each member or each customer shall adjust their speculative positions held through the member, to multiples of two (2) lots; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of two (2) lots.

The rounding of the size of hedging positions in the futures contracts enumerated in the preceding paragraphs to multiples of a certain number of lots are specified in the Hedging Rules of the Shanghai Futures Exchange.

Article 18 Proportions and sizes of position limit for each futures contract at different period of trading for an FF member, a non-FF member and a customer:

Table 28. For contracts in copper futures, aluminum futures, zinc futures, rebar futures and wire rod futures (in lots)

	From the date of listing to the last trading dayof the second month prior to the delivery month		First month prior to the delivery month			The delivery month		
	Total open interest	Position limit proportion (in %)	FF	Non-FF	Customer	FF	Non-FF	Customer

		FF	Non-FF	Customer						
Copper	⩾120,000	25	10	5	8000	1200	800	3000	500	300
Aluminum	⩾120,000	25	10	5	10000	1500	1000	3000	500	300
Zinc	⩾120,000	25	10	5	8000	1200	800	3000	500	300
Rebar	⩾ 1,200,000	25	10	5	30000	9000	3000	6000	1800	600
Wire rod	⩾450,000	25	10	5	18000	6000	1800	3600	1200	360

Note: total open interest is on a gross basis, size of the position limit for the FF member, the non-FF member and the customer is on a net basis; size of position limit for the FF is the baseline limit.

Table 29. For fuel oil futures contract (in lots)

	From the date of listing tothefirst month prior to the delivery month		From the date of listing to the last trading dayof the third month prior to the delivery month		The second month prior to the delivery month		The first month prior to the delivery month	
	Total open interest	Position limit proportion (in %)	Size of position limit (in lots)		Size of position limit (in lots)		Size of position limit (in lots)	
		FF	Non-FF	Customer	Non-F	Customer	Non-FF	Customer
Fuel oil	⩾100,000	25	500	500	300	300	100	100

Note: total open interest is on gross basis, size of position limit for the FF, the non-FF and the customer is on a net basis; size of position limit for the FF is the baseline limit.

Table 30. For contracts in lead futures, nickel futures, tin futures, natural rubber futures, bitumen futures, gold futures, silver futures and hot-rolled coil futures (in lots)

	From the date of listing tothe delivery month		From the dateof listing tothe last trading dayof the second month prior to the delivery month		The month prior to the delivery month		The delivery month	
	Total open interest	Position limit Proportion (in %)	Size of position limit (in lots)		Size of position limit (in lots)		Size of position limit (in lots)	
		FF	Non-FF	Customer	Non-FF	Customer	Non-FF	Customer
Lead	⩾20,000	25	2500	2500	1000	1000	300	300
Nickel	⩾	25	9000	9000	3000	3000	600	600

	240,000							
Tin	≥60,000	25	2000	2000	600	600	200	200
Natural rubber	≥50,000	25	500	500	150	150	50	50
Bitumen	≥300,000	25	8000	8000	1500	1500	500	500
Gold	≥ 160,000	25	3000	3000	900	900	300	300
Silver	≥300,000	25	6000	6000	1800	1800	600	600
Hot-rolled coil	≥ 3,600,000	25	180000	180000	9000	9000	1800	1800

Note: total open interest is on gross basis, size of position limit for the FF, the non-FF and the customer is on a net basis; size of position limit for the FF is the baseline limit.

Article 19 The Exchange may adjust the position limit for an FF member subject to his net assets and business profile, using the following formula:

size of position limit = the baseline position limit × (1+the credit coefficient+ the business coefficient)

The term “baseline limit” means the minimum size of a position limit set by the Exchange for the FF member, as provided in the Tables 28-30 in Article 18.

The term “credit coefficient” means the variable based on the net assets of an FF member. The minimum net asset requirement for an FF member is RMB thirty (30) million, where his credit coefficient is set at zero (0). With each increment of RMB five (5) million in the net assets, the credit coefficient will increase by 0.1 (one-tenth) up to two (2) in maximum.

The term “business coefficient” means the variable based on the trading turnover of a FF member. The business coefficient is divided into five (5) bands. The minimum trading turnover requirement for an FF member is RMB eight (8) billion, where his business coefficient is set at zero (0) and the business coefficient will increase in parallel to the annual trading turnover, with the maximum set at one (1), as provided in the following:

Table 31

Band	Annual trading turnover (denoted as C1, in RMB 100 million)	The business coefficient
1	C1≤80	0
2	80<C1≤160	0.25
3	160<C1≤280	0.50
4	280<C1≤400	0.75

5	C1>400	1.00

Article 20 The size of the position limit for the FF member will be reviewed and approved by the Exchange on an annual basis.

The FF member shall, by March 15 of each year, submit to the Exchange a document, such as an audited report issued by a certified public accounting firm, evidencing his net assets for the previous year. The Exchange will, based on the FF member's trading volume for the previous year from January 1 to December 31, set a size for the FF member's position limit, notify the FF member of the size by March 20 of the current year and make them available through a public announcement. The size of the FF member's position limit shall apply to his futures trading from March 21 (inclusive) of the current year until the close of trading on March 20 (inclusive) of the next year.

Article 21 In case the FF member fails to submit the required evidential documents and statistics within the specified time period or the contents of the required evidential documents and statistics prove invalid, the size of his position limit shall be maintained at the baseline limit level.

Article 22 Any adjustment to the size of the position limit shall be reported by the Exchange to the Board of Directors of the Exchange, or the Board, and the CSRC, for approval prior to its implementation.

Article 23 The size of open interest held by each FF member or his customer shall not exceed the size of the position limit set by the Exchange; otherwise, the Exchange shall exercise forced position liquidation subject to the applicable rules of the Exchange.

If the open interest held in aggregate by a customer through multiple trader codes opened with different FF members exceeds the customer's position limit, the Exchange shall instruct the FF members to exercise forced position liquidation of the excess positions of that customer, subject to the applicable rules of the Exchange.

Article 24 In the event that the aggregate amount of open interests held by a customer of any FF member exceeds his size of position limit, the member shall instruct his customer to reduce his open interest pro rata to the difference between the aggregate open interest and the size of the position limit, within the specified time limit. The Exchange may exercise forced position liquidation of the open interest held by any customer who fails to reduce his open interest as required pursuant to the applicable rules.

Chapter 5 THE LARGE TRADER REPORTING

Article 25 Any member or customer, whose speculative positions in a futures contract reaches eighty percent (80%) or more of his speculative position limit, or as required by the Exchange, shall report to the Exchange about his financial conditions and his position holding. The customer shall submit such report through his FF member. The Exchange will, in its sole discretion, set and adjust the position limit accordingly.

Article 26 Any member or customer whose positions reach the reportable level shall take the initiative to submit a report to the Exchange by 15:00 of the following trading day. The Exchange may request any additional information from the member as deemed necessary.

Article 27 The FF member, whose positions meet the position reportable level, shall provide to the Exchange the following documents:
i) a completed copy of the FF member Large Trader Reporting Form which specifies the member's name and member code, contract code, open interest, trade margins on the open interest, availability of funds, number of customers holding positions, the amounts covered by the delivery notice issued, and the amounts tendered for delivery.
ii) a description of the source of funds;
iii) names, trader codes, respective open interest, account opening documents and daily settlement statements of his top five (5) customers ranking in terms of size of open interest; and
iv) any other documents as required by the Exchange.

Article 28 The non-FF member, whose positions reach the reportable level, shall provide to the Exchange the following documents:
i) a completed copy of the non-FF member Large trader reporting Form which specifies the member's name and member code, contract code, open interest, trade margins on the open interest, availability of funds, whether the positions held are speculative or hedging, the amounts covered by the delivery notice issued and the amounts tendered for delivery.
ii) a description of the source of funds; and
iii) any other documents as required by the Exchange.

Article 29 Any customer, whose positions reach the reportable level shall provide to the Exchange the following documents:

i) a completed copy of the Customer Large Trader Reporting Form which specifies the member's name and member code, customer name and customer code, contract code, open interest, trade margins on the open interest, availability of funds, whether the positions held are speculative or hedging, the amounts covered by the delivery notice issued and the amounts tendered for delivery.
(ii) an explanation of the source of his funds;
(iii) account opening documents and the settlement statement of the current day; and
(iv) any other documentation required by the Exchange.

Article 30 Each FF member shall review the documents submitted by his customer whose positions reach the reportable level, before forwarding them to the Exchange. The FF member shall be responsible for the accuracy of the customer's documents submitted.

Article 31 The Exchange may, from time to time, examine the documents submitted by the member or the customer.

Article 32 If the aggregate amount of open interest held by a customer through multiple trader codes opened with different FF members meets there portable level, the Exchange shall designate a FF member to submit the documents required by the Exchange.

Chapter 6 THE FORCED POSITION LIQUIDATION

Article 33 The "Forced Position Liquidation" means the mandatory action the Exchange takes to close out the positions of a member or a customer who violates any applicable rules of the Exchange.

Article 34 The Exchange shall impose forced position liquidation on the member or the customer, if:
i) the balance of the clearing deposit of such member falls below zero (0) and he fails to meet the margin requirement within the specified time limit;
ii) his open interest exceeds the size of the applicable position limit;
iii) such member or customer fails to bring his positions in a futures contract to multiples as required within the specified time limit;
iv) such member or customer violates any Exchange's rules that warrants a forced position liquidation;
v) any emergency happens that warrants a forced position liquidation; or

vi) any other conditions exist that makes the forced position liquidation necessary.

Article 35 Principles

The member shall, in the first place, exercise forced position liquidation as required by the Exchange by the end of the first trading session on the current trading day or within the time limit prescribed by the Exchange. If the member fails to fulfill the execution within the defined time limit, the forced position liquidation shall be enforced by the Exchange. The member, who is required to exercise forced position liquidation because of his clearing deposit balance falling below zero (0), shall be prohibited from opening new positions before meeting the margin requirement.

i) Positions For The Member's Execution Of Forced Position Liquidation

a)Under the conditions provided in the Article 34(i) and (ii), the member shall determine the portion of positions that could be included in the scope of forced position liquidation at his discretion to achieve the results required by the Exchange's applicable rules.

b)Under the conditions provided in the Article 34(iii)-(vi),the Exchange shall determine the portion of positions that could be included in the scope of forced position liquidation.

ii) Positions For The Exchange's Execution Of Forced Position Liquidation

a)Under the conditions provided in the Article 34(i), the Exchange shall liquidate the positions subject to the priority of speculative positions over hedging positions and in a descending sequence by the size of the open interest for each contract at the close of the previous trading day, i.e., the speculative positions with the largest open interest shall be liquidated first; and proceed to the liquidation on positions based on the customer's losses on net positions in a descending sequence.

Where more than one member is required to have his open interest liquidated, priority shall be given to the members with the greatest margin call according to the ranking of margin calls in a descending sequence.

b)Under the conditions provided in the Article34(ii), if the open interest of one sole member exceeds his position limit, the Exchange shall determine the size of the member's positions to be liquidated pro rata to the size of the member's open interest in excess of the position limit, compared to the total size of the member's speculative positions. If two or more members are subject to a forced position liquidation, they will be placed in a descending sequence of their open interest in excess of the position limit and the member with the largest open interest in excess shall be liquidated first. If the open interest of a customer exceeds the position limit, the portion in excess shall be liquidated. If the open interests of a member and a customer simultaneously exceed the size of their position limits, the customer's positions in excess shall be liquidated before the member's. Nonetheless, positions of contracts in lead futures, gold futures, natural rubber futures, fuel oil futures, silver futures and bitumen futures which exceed the applicable position limit, will be subject to provisions as otherwise set out in this Article 35.

Under the conditions provided in the Article 34 (ii), if a customer or a non-FF member, whose open interest in contracts of lead futures, gold futures, natural rubber futures, fuel oil futures, silver futures, bitumen futures and hot-rolled coil futures exceeds the applicable position limit, the Exchange shall enforce liquidation of the positions in excess of the position limit held by such customer or non-FF member; if a FF member whose open interest in contracts of lead futures, nickel futures, tin futures, gold futures, natural rubber futures, fuel oil futures, silver futures, bitumen futures and hot-rolled coil futures, reaches or exceeds the applicable position limit, shall not be allowed to open any positions in the same direction.

c)Under the conditions provided in the Article 34(iii)-(vi), the Exchange shall, in its sole discretion, determine the portion of open interest for forced position liquidation.

If a member simultaneously meets the conditions as provided in Article 34(i) and (ii), the Exchange shall determine the positions for forced position liquidation pursuant to the Article 34(ii) in the first place, and then pursuant to the Article34(i).

Article 36 Enforcement Of Forced Position Liquidation

i) Notification. The Exchange shall issue a notice of forced position liquidation, or the notice, to the member, covered by the notice, who is subject to the forced position liquidation. In addition, the notice shall be delivered to the member through the member service system along with the daily clearing data.

ii) Enforcement And Confirmation

a) After the market opens, the member covered by the notice shall enforce the liquidation of his positions and reduce the size of his open interest to the prescribed level, which will be subject to the Exchange's verification;

If the member is subject to the situation provided in the Article 34(iii), the Exchange may directly enforce liquidation in respect of the open

interest held by such member.;
b) If the member fails to complete the forced position liquidation within the specified time limit, the Exchange will directly enforce liquidation of the remaining open interest;
c)Upon the conclusion of the forced position liquidation, the Exchange shall record the enforcement results for filing purpose; and
d) The enforcement results of the forced position liquidation shall be delivered to the member through the member service system along with the daily trade records.

Article 37 Liquidation shall be enforced at a price formed through trades executed on the market.

Article 38 If the forced position liquidation fails to be completed within the specified time due to the limit price or as the result of other market conditions, the remainder of positions subject to the forced position liquidation may and will be closed out on the next trading day pursuant to the principles described in Article 35.

Article 39 If the forced position liquidation fails to be completed for the current day due to the limit price or as the result of other market conditions, the Exchange shall take measures as appropriate, with regard to the daily clearing status of the member, to resolve any consequences that may derive from the incomplete forced position liquidation.

Article 40 If the enforcement of the forced position liquidation on the specific positions has to be prolonged due to the limit price or as the result of other market conditions, any losses incurred as such shall be borne by the person directly accountable for the enforcement of liquidation. In the event of failure to complete the enforcement of liquidation, the holder of the open interest subject to the forced position liquidation shall assume all the responsibilities arising from his ownership and bears all the obligations of delivery on the covered contracts.

Article 41 Gains, if any, arising from a forced position liquidation executed by a member, shall be credited to the person directly accountable for the enforcement of liquidation; gains arising from the Exchange’s enforcement of liquidation shall be disposed of in compliance with the national regulations. Losses arising from a forced position liquidation shall be borne by the person directly accountable for the enforcement of liquidation.

If the person directly accountable for the enforcement of liquidation is a customer, any losses arising from the forced position liquidation shall first be borne by the member carrying that customer and then the member may exercise his right of recourse against that customer for reimbursement.

Chapter 7 THE RISK WARNING

Article 42 The Exchange may, as it deems necessary, resort to the following measures, alone or in combination, to warn against and resolve risks:

- request an explanation with respect to a specific situation;
- conduct an interview to give an oral warning;
- issue a risk warning letter;
- give a reprimand; and/or
- issue a risk warning notice.

Article 43 The Exchange may have an interview with the designated senior executive of a member or a customer, or require a member or customer to provide an explanation with respect to a specific situation, when any of the following conditions exists:
i) unusual price movements;
ii) unusual trading activities by such member or customer;
iii) any irregularity in the open interest of such member or customer;
iv) any irregularity in such member’s funds on deposit;
v) any suspected violation or default by such member or customer;
vi) any allegation, accusation or complaint against such member or customer received by the Exchange;
vii) any judicial investigation against such member; or
viii) other conditions as the Exchange deems necessary.

The Exchange shall comply with the following requirements in conducting an interview to give an oral warning:
i) the Exchange shall issue a written request to the designated executive of the member or the customer for an interview. The customer shall be accompanied by a person designated by the member for the interview;
ii) the Exchange shall notify the member in writing one (1) day in advance of the time, location and requirements of the interview;
iii) any interviewee who is unable to attend the interview due to any particular reason shall notify the Exchange in advance; with the Exchange’s approval, the party may designate a proxy to attend and act on his behalf;

iv) an interviewee shall make true representations and refrain from intentional concealment of any fact; and
v) the Exchange's employees shall maintain the confidentiality of any information related to the interview.

The member or the customer shall refer to the regime of the Large Trader Reporting for manner and contents of the report, which is set forth in Chapter 5, if he is ordered by the Exchange to provide an explanation with respect to a specific situation.

Article 44 The Exchange may issue a risk warning letter to the member or the customer, if he finds that such member or customer commits any suspected violation of the Exchange's rules or holds open interest that is exposed to substantial potential risks.

Article 45 The Exchange will make a reprimand against the member or the customer, through the designated media, if the member or the customer is associated with any of the following actions or conduct:
i) he fails to provide an explanation with respect to a specific situation or attend the interview as required by the Exchange;
ii) he intentionally conceals facts, or hides, falsifies, or omits important information when explaining a specific situation or answering questions;
iii) he intentionally destroys or eliminates evidence of rule violations or fails to cooperate with the CSRC or the Exchange in any investigation;
iv) the member is found to have engaged in fraudulent actions towards customers;
(v) he is proved, upon investigation, to trade secretly through multiple accounts or manipulate the market; or
vi) he commits any other violation of the Exchange's rules as determined by the Exchange.

Apart from making reprimand against the member or customer, the Exchange shall bring the member or the customer who engages in the violations of the rules of the Exchange subject to the sanctions as provided in the Enforcement Rules of the Shanghai Futures Exchange.

Article 46 The Exchange shall issue a risk warning notice to all the members and customers if any of the following conditions exists:
i) unusual price movements;
ii) a considerable discrepancy between the prices of the futures and the physicals;
iii) a considerable discrepancy between prices of domestic and international futures markets; and/or
iv) any other conditions under which the Exchange deems he necessary

to issue a risk warning notice.

Chapter 8 MISCELLANEOUS

Article 47 Any behavior or conduct in breach of these Risk Management Rules will be brought by the Exchange under the sanctions as provided in the Enforcement Rules of the Shanghai Futures Exchange and these Risk Management Rules.

Article 48 The rules on risk management of speculative trading in these Risk Management Rules are applicable to non-hedging trading except otherwise specified by the Exchange.

Article 49 Risk management with regard to continuous trading shall be governed by the provisions in the Continuous Trading of the Shanghai Futures Exchange.

Article 50 The Exchange reserves the right to interpret these Risk Management Rules.

Article 51 These Risk Management Rules are effective as of MMDDYY, and for nickel and tin futures, the listing day.

Appendix—Methods and Procedures for the Fill of Unfilled Orders

Appendix:

Methods and Procedures for the Fill of Unfilled Orders in Contracts of Copper, Aluminum, Zinc, Lead, Nickel, Tin, Steel Rebar, Wire Rod, Gold, Silver and Hot-rolled Coil Futures

Step	Scenario	Amount	Percentage	Filled to	Result
1	Speculative Positions with Gains of No Less Than6% ≥ Unfilled Orders	Unfilled Orders	$\frac{\text{Unfilled Orders}}{\text{Speculative Positions with Gains of No Less Than 6\%}}$	Customers holding the Speculative Positions with Gains of No Less Than6%	Fill completed
2	Speculative Positions with Gains of No Less Than 6% < Unfilled Orders	Speculative Positions with Gains of No Less Than 6%	$\frac{\text{Speculative Positions with Gains of No Less Than 6\%}}{\text{Unfilled Orders}}$	Customers placing the Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 3, and the Step 4
3	Speculative Positions with Gains of No Less Than 3% ≥ Residual Unfilled Orders I	Residual Unfilled Orders I	$\frac{\text{Residual Unfilled Orders I}}{\text{Speculative Positions with Gains of No Less Than 3\%}}$	Customers holding the Speculative Positions with Gains of No Less Than 3%	Fill completed
4	Speculative Positions with Gains No Less Than3% < Residual Unfilled Orders I	Speculative Positions with Gains of No Less Than 3%	$\frac{\text{Speculative Positions with Gains of No Less Than 3\%}}{\text{Residual Unfilled Orders I}}$	Customers placing the Residual Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 5, and the Step 6
5	Speculative Positions with Gains of Less Than 3% ≥Residual Unfilled Orders II	Residual Unfilled Orders II	$\frac{\text{Residual Unfilled Orders II}}{\text{Speculative Positions with Gains of Less Than3\%}}$	Customers holding the Speculative Positions with Gains of Less Than 3%	Fill completed
6	Speculative Positions with Gains of Less Than 3% < Residual Unfilled Orders II	Speculative Positions with Gains of Less Than 3%	$\frac{\text{Speculative Positions With Gains of Less Than 3\%}}{\text{Residual Unfilled Orders II}}$	Customers placing the Residual Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 7, and the Step 8

7	Hedging Positions with Gains of No Less Than 6% ≥Residual Unfilled Orders III	Residual Unfilled Orders III	Residual Unfilled Orders III Hedging Positions with Gains of No Less Than 6%	Customers holding the Hedging Positions with Gains of No Less Than 6%	Fill completed
8	Hedging Positions with Gains of No Less Than 6% < Residual Unfilled Orders III	Hedging Positions with Gains of No Less Than 6%	Hedging Positions with Gains of No Less Than 6% Residual Unfilled Orders III	customers placing the Residual Unfilled Orders	Orders not to be filled at all

Notes:

1.Residual Unfilled Orders I = Unfilled Orders –Speculative Positions with Gains of No Less Than 6%;

2.Residual Unfilled Orders II = Residual Unfilled Orders I – Speculative Positions with Gains of No Less Than 3%;

3.Residual Unfilled Orders III = Residual Unfilled Orders II – Speculative Positions with Gains of Less Than 3%;

4. The speculative positions or the hedging Positions refer to open interest of the customers who have incurred gains on eligible positions

Methods and Procedures for the Fill of Unfilled Orders in Contracts of Natural Rubber, Fuel Oil Futures and Bitumen Futures

Step	Scenario	Size	Percentage	Filled to	Result
1	Speculative Positions with Gains of No Less Than 8% ≥ Unfilled Orders	Unfilled Orders	Unfilled Orders Speculative Positions with Gains of No Less Than 8%	customers holding the Speculative Positions with Gains of No Less Than 8%	Fill completed
2	Speculative Positions with Gains of No Less Than 8% < Unfilled Orders	Speculative Positions with Gains of No Less Than 8%	Speculative Positions with Gains of No Less Than 8% Unfilled Orders	customers placing the Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 3, and the Step 4
3	Speculative Positions with Gains of No Less Than 4% ≥ Residual Unfilled Orders I	Residual Unfilled Orders I	Residual Unfilled Orders I Speculative Positions with Gains of No Less Than 4%	customers holding the Speculative Positions with Gains of No Less Than 4%	Fill completed
4	Speculative Positions with Gains of No Less Than 4% < Residual Unfilled Orders I	Speculative Positions with Gains of No Less Than 4%	Speculative Positions with Gains of No Less Than 4% Residual Unfilled Orders I	customers placing the Residual Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 5, and the Step 6
5	Speculative Positions with Gains of Less Than 4% ≥ Residual Unfilled Orders II	Residual Unfilled Orders II	Residual Unfilled Orders II Speculative Positions with Gains of Less Than 4%	customers holding the Speculative Positions with Gains of Less Than 4%	Fill completed
6	Speculative Positions with	Speculative	Speculative Positions with	customers placing the	Residual Unfilled

	Gains of Less Than 4% < Residual Unfilled Orders II	Positions With Gains of Less Than 4%	Gains of Less Than 4% Residual Unfilled Orders II	Residual Unfilled Orders	Orders to be filled in the Step 7, and the Step 8
7	Hedging Positions with Gains of No Less Than 8% ≥ Residual Unfilled Orders III	Residual Unfilled Orders III	Residual Unfilled Orders III Hedging Positions with Gains of No Less Than 8%	customers holding the Hedging Positions with Gains of No Less Than 8%	Fill completed
8	Hedging Positions with Gains of No Less Than 8% < Residual Unfilled Orders III	Hedging Positions with Gains of No Less Than 8%	Hedging Positions with Gains of No Less Than 8% Residual Unfilled Orders III	customers placing the Residual Unfilled Orders	Orders not to be filled at all

Notes:

1. Residual Unfilled Orders I = Unfilled Orders –Speculative Positions with Gains of No Less Than 8%;

2. Residual Unfilled Orders II = residual Unfilled Orders I – Speculative Positions with Gains of No Less Than 4%;

3. Residual Unfilled Orders III = residual Unfilled Orders II –Speculative Positions with Gains of Less Than 4%;

4.The Speculative Positions or the Hedging Positions refer to open interest of the customers who have incurred gains on Eligible Positions

Appendix-4

DELIVERY RULES

(AMENDTMENT)

Chapter 1 GENERAL PROVISIONS

Article 1 These Delivery Rules are made in accordance with the General Exchange Rules of the Shanghai Futures Exchange to regulate the physical delivery under the terms of futures contracts traded on the Shanghai Futures Exchange, or the Exchange.

Article 2 These Delivery Rules are binding on the Exchange, members, customers and certified delivery warehouses.

Chapter 2 PROCEDURES OF DELIVERY

Article 3 The term “physical delivery” refers to the process of delivering standard warrant representing the commodity underlying a futures contact following the last trading day, during the delivery period.

Article 4 All the holders of open interest shall fulfill the obligations specified in the futures contract by physical delivery following the last trading day of the contract. Physical delivery on any customer’s futures contracts shall be executed by a member in the name of such member on or through the Exchange.

A customer unable to provide or accept the value-added tax invoice, or the VAT invoice, shall not be permitted to make or take delivery.

A customer who is a natural person is not permitted to hold any open interest after the close of trading on the third from the last trading day of a futures contract. As of the second to the last trading day, any of the outstanding positions of the customer who is a natural person shall be liquidated by the Exchange.

Article 5 Physical delivery shall be concluded within the delivery period specified in the rules forming the futures contract. The delivery period refers to the five (5) business days following the last trading day of the contract. The days within the period are named the first delivery day, the second delivery day, the third delivery day, the fourth delivery day and the fifth delivery day, and the fifth delivery day is the last delivery day.

Article 6 Delivery Procedures

i) Activities on the first delivery day

a) The buyer must submit to the Exchange his intent to accept delivery, specifying the commodity, grade or brand, quantity and name of the certified delivery warehouse.

b) The seller must present a standard warrant (a mill warehouse standard warrant is applicable for the steel rebar, wire rod and hot-rolled coil futures contracts of the Shanghai Futures Exchange) and pay the carrying charges to the Exchange through the standard warrant system.

Provisions of the mill warehouse standard warrant are contained in the Certified Mill Warehouse Delivery Rules of the Shanghai Futures Exchange (Trial).

ii) Activities on the second delivery day

The Exchange shall assign the standard warrant to the buyers at the Exchange’s discretion.

The standard warrant unable to be applied to the delivery on the futures contract of succeeding delivery month shall be assigned by the Exchange to the buyer on a pro rata basis by their proportion of the total delivery volume in the current month.

iii) Activities on the third delivery day

a) The buyer shall make payment and receive the standard warrant at the Exchange by 14:00 hours.

b) The seller shall receive payment from the Exchange by 16:00 hours. Under exceptional circumstances, the Exchange may delay payment.

iv) Activities on the fourth delivery day and fifth delivery day

The seller shall submit the VAT invoice.

Article 7 A standard warrant submitted as part of the physical delivery process shall be transferred in the following order:

(i) the seller shall entrust the standard warrant to his FF member for physical delivery;
(ii) the seller (FF member) shall submit the standard warrant to the Exchange;
(iii) the Exchange shall assign the standard warrant among the member (buyer); and
(iv) each member (buyer) shall distribute the standard warrant to the customer (buyer).

Article8 After the physical delivery process has concluded, if the buyer disputes the quality or quantity of the commodity (any disputed natural rubber or silver shall remain in the certified delivery warehouse), the buyer shall submit a written request to the Exchange for a resolution on or up to the 15th business day of the month following the spot month (if that date is a public holiday, the deadline shall be postponed to the next business day), and provide a quality assay report issued by a certified assayer, as specified in Appendix 1 to these Delivery rules. A list of certified assayers for lead, nickel, tin and silver futures shall be announced by the Exchange in due course. If the submission is not received within the prescribed time, the buyer shall lose his right to have his dispute heard. Disputes involving the quality or quantity of steel rebar, wire rod and hot-rolled coil shall be treated as follows:

After the physical delivery process of steel rebar, wire rod or hot-rolled coil has concluded, if the buyer disputes the quality or quantity of the commodity (any disputed deliverable commodity shall remain in the certified delivery warehouse), the buyer shall submit a written request to the Exchange for a resolution on or up to the 15th business day of the month following the spot month (if that date is a public holiday, the deadline shall be postponed to the next business day), and provide a quality assay report issued by a certified assayer. A list of certified assayers for steel rebar, wire rod and hot-rolled coil shall be announced by the Exchange in due course. The quality warranty for every batch of the delivered steel rebar, wire rod and hot-rolled coil shall not expire before or on the last delivery day of this delivery, and even if the quality warranty expires before the final date for the submission of a dispute request, the seller shall be responsible for the actual quality of the delivered commodity, if the commodity is found ineligible by the quality assay report.

Article 9 If the buyer wants to place on warrant the commodity he receives as a result of physical delivery, he shall go through the procedures of delivery as prescribed in Chapter 2 all over again.

Chapter 3 LOAD-IN AND LOAD-OUT

Article 10 An owner of the goods, or the owner, that intends to store a commodity in a certified delivery warehouse shall submit an application for registration to load in the commodity, or a delivery notice.
The delivery notice shall include the product, the grade or brand, the trademark, quantity, sender and the name of the certified delivery warehouse along with all necessary certificates prescribed in these Delivery Rules.

A customer shall designate his FF member as his agent to handle all procedures with respect to the delivery notice.

Article 11 Given the availability of storage capacity, the Exchange shall, in its discretion, determine within three (3) business days whether to approve the load-in application. Upon receiving approval, the owner shall promptly see to the transportation of the commodity to the certified delivery warehouse approved in the load-in application within the time period prescribed by the Exchange. Delivery shall be prohibited if the load-in exceeds the specified time period or the load-in is not approved by the Exchange.

Article 12 Upon the arrival of the commodity, the certified delivery warehouse shall inspect it and verify its certificates, in compliance with the rules of the Exchange. When the inspection and verification are complete, the certified delivery warehouse shall enter its conclusions into the standard warrant system. The certified delivery warehouse shall issue the standard warrant to the member only if the member's application for the standard warrant is approved by the Exchange.

The owner shall oversee in person the inspection on and verification of the arrived commodities. Otherwise, the owner is deemed to agree with the certified delivery warehouse on the conclusions he draws from the inspection and verification.

Article 13 If a legitimate holder of standard warrant applies to take delivery, the certified delivery warehouse shall not make the delivery unless the standard warrant is determined to be valid. The owner may, in his sole discretion, take delivery or direct the certified delivery warehouse to deliver the commodity to a third party. In the latter case, the owner shall oversee the delivery at the certified delivery warehouse. Otherwise, he loses his right to dispute the propriety of the delivery made by the certified delivery warehouse.

Article 14 At the time the certified delivery warehouse delivers the commodity, it shall fill out the Standard Warrant Load-out Confirmation in duplicate, keeping one copy and giving the other to the owner. The certified delivery warehouse shall stamp "GOODS DELIVERED" on the standard warrant he receives back from the legitimate holder thereof, match them with the corresponding warehousing records and keep them for the checks thereafter.

Chapter 4 COPPER CATHODE

Article 15 Minimum delivery size: twenty five (25) tons.

Article16 Grade and quality qualifications are provided in the Copper Cathode Contract Specifications of the Shanghai Futures Exchange.

Article17 Deliverable commodity
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Article 18 Packaging for the deliverable commodity
(i) Packaging: the copper cathodes that each warrant represents shall be produced by the same producer and of the same trademark, grade, shape and set weight. The registered producer may decide, in his sole discretion, the weight of each set, provided that the sets form a minimum delivery size. Each weight set shall be assembled with rust-resistant steel straps in a double parallel-cross manner (#) or other methods of a similar strength. The strapping shall be reliable; the goods marks and set weight shall be easy to see and securely attached. Each set weight shall not exceed four (4) tons.
(ii) If the goods arrive with broken steel straps, severe rust or corrosion, they shall be reassembled with steel straps as specified in Article 18(1) before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

Article 19 Necessary certificates for the deliverable commodity
(i) Domestic product: the product quality proof issued by the registered producer.
(ii) Imported product: the product quality proof, the production origin proof, the quality assay report, the customs import tariff payment

certificate and the customs VAT levy certificate. These certificates shall not be valid unless verified by the Exchange.

If national policies on taxation, quality inspection or other aspects change, the revised policies shall prevail. Under such circumstances, the Exchange shall announce the revised requirements for certificates with regard to the imported product in due course.

Article 20 More or less clause and weight difference: The underlying copper cathode for each standard warrant weights twenty-five (25) tons. Differences between standard warrant weight and actual delivery weight shall not exceed two percent (2%). Weight difference shall not exceed two-tenths of a percent (0.2%).

Article 21 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 22 Delivery venue: certified delivery warehouse designated by the Exchange, as set forth in Appendix 2 to these Delivery Rules.

Chapter 5 ALUMINUM INGOT

Article 23 Minimum delivery size: twenty five (25) tons.

Article 24 Grade and quality qualifications are provided in the Aluminum Contract Specifications of the Shanghai Futures Exchange.

Article 25 Deliverable commodity
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Article 26 Packaging for the deliverable commodity
(i) Packaging: the aluminum ingots that each warrant represents shall be produced by the same producer and of the same trademark, grade, shape and set weight. The registered producer may decide, in his sole discretion, the weight of each set, provided that the sets form a minimum delivery size. Rust-resistant steel straps with the specific size (30-32 * 0.9-1.0 mm) shall be used to assemble the weight set in a double parallel-cross manner (#). The strapping shall be reliable;

goods marks, smelting furnace serial number and set weight shall be easy to see and securely attached. Each set weight shall not exceed two (2) tons.

(ii) Upon arrival, sets or pieces with broken steel straps, severe rust or corrosion shall be reassembled with the steel straps specified in Article 26(1) before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

(iii) Each ingot of the domestic product shall weigh fifteen (15) kilograms plus or minus (±) two (2) kilograms or twenty (20) kilograms plus or minus (±) two (2) kilograms. The imported product shall be in the shape of ingots and weigh per ingot between twelve (12) kilograms and twenty six (26) kilograms.

Article 27 Necessary certificates for the deliverable commodity

(i) Domestic product: the product quality proof issued by the registered producer.

(ii) Imported product: the product quality proof, the production origin proof, the quality assay report, the customs import tariff payment certificate and the customs VAT levy certificate. These certificates shall not be valid unless they are verified by the Exchange.

If national policies on taxation, quality inspection or other aspects change, the revised policies shall prevail. Under these circumstances, the Exchange shall announce the revised requirements for certificates with regard to the imported product in due course.

Article 28 More or less clause: The underlying aluminum ingots for each standard warrant weight twenty-five (25) tons. Differences between standard warrant weight and actual delivery weight shall not exceed two percent (2%).

Article 29 Weight difference: the weight difference shall not exceed one-tenth of one percent (0.1%).

Article 30 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 31 Delivery venue: certified delivery warehouse designated by the Exchange as set forth in Appendix 2 to these Delivery Rules.

Chapter 6 ZINC INGOT

Article 32 Minimum delivery size: twenty five (25) tons.

Article 33 Grade and quality qualifications are provided in the Zinc Contract Specifications of the Shanghai Futures Exchange.

Article 34 Deliverable commodity
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Article 35 Packaging for the deliverable commodity
(i) Packaging: the zinc ingots that each warrant represents shall be produced by the same producer and of the same trademark, grade, shape and set weight. The registered producer may decide, in his sole discretion, the weight of each set, provided that the sets form a minimum delivery size. Rust-resistant steel straps with the specific size (30-32 * 0.9-1.0 mm) shall be applied to assemble the weight set in a double parallel-cross manner (#). The strapping shall be reliable; goods marks, serial number and set weight shall be easy to see and securely attached.
(ii) Upon arrival, sets or pieces with broken steel straps, severe rust or corrosion shall be reassembled with the steel straps specified in Article 35(1) before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.
(iii) Each ingot of the domestic product shall weigh eighteen (18) kilograms to thirty (30) kilograms

Article 36 Necessary certificates for deliverable commodity
(i) Domestic product: the product quality proof issued by the registered producer.
(ii) Imported product: the product quality proof, the production origin proof, the quality assay report, the customs import tariff payment certificate and the customs VAT levy certificate. These certificates shall not be valid unless they are verified by the Exchange.

If national policies on taxation, quality inspection or other aspects change, the revised policies shall prevail. Under these circumstances the Exchange shall announce the revised requirements for certificates with regard to the imported product in due course.

Article 37 More or less clause and weight difference: The underlying zinc ingots for each standard warrant weights twenty-five (25) tons.

Differences between standard warrant weight and actual delivery weight shall not exceed two percent (2%). The weight difference shall not exceed one-tenth of one percent(0.1%).

Article 38 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 39 Delivery venue: certified delivery warehouse designated by the Exchange, as set forth in Appendix 2 to these Delivery Rules.

Chapter 7 LEAD INGOT

Article 40 Minimum delivery size: twenty five (25) tons.

Article 41 Grade and quality qualifications are provided in the Lead Contract Specifications of the Shanghai Futures Exchange.

Article 42 Deliverable commodity
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Article 43 Packaging for the deliverable commodity
(i) Packaging: the lead ingots that each warrant represents shall be produced by the same producer and of the same trademark, grade, shape and set weight. The registered producer may decide, in his sole discretion, the weight of each set, provided that the sets form a minimum delivery size.

Each set shall be assembled with rust and corrosion-resistant straps of proper strength as prescribed by the Exchange in due course. The strapping shall be reliable. Goods marks, name of the production plant, product name, brand, serial number, net weight and date of production shall be easy to see and securely attached.

(ii) Upon arrival, sets or pieces with broken steel straps shall be reassembled with the steel straps specified in Article 43(1) before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

(iii) Each ingot of the domestic product may weigh forty-eight (48) kilograms plus or minus (±) three (3) kilograms, forty-two (42) kilograms plus or minus (±) two (2) kilograms, forty (40) kilograms plus or minus (±) two (2) kilograms, or twenty-four (24) kilograms plus or minus (±) one (1) kilogram.

Article 44 Necessary certificates for the deliverable commodity
(i) Domestic product: the product quality proof issued by the registered producer.
(ii) Imported product: the product quality proof, the production origin proof, the quality assay report, the customs import tariff payment certificate and the customs VAT levy certificate. These certificates shall not be valid unless they are verified by the Exchange.

If national policies on taxation, quality inspection or other aspects change, the revised policies shall prevail, under which circumstances the Exchange shall announce the revised requirements for certificates with regard to the imported product in due course.

Article 45 More or less clause & weight difference: The underlying lead ingots for each standard warrant weights twenty-five (25) tons. Differences between standard warrant weight and actual delivery weight shall not exceed two percent (2%). The weight difference shall not exceed one-tenth of one percent (0.1%).

Article 46 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 47 Delivery venue: the certified delivery warehouse designated by the Exchange, as announced by the Exchange in due course. Lead ingots for delivery shall be stored indoors.

Chapter 8 NICKEL CATHODE

Article 48 Minimum delivery size: six (6) tons.

Article 49 Grade and quality qualifications are provided in the Nickel Cathode Contract Specifications of the Shanghai Futures Exchange.

Article 50 Deliverable Commodity
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Article 51 Packaging for the deliverable commodity
(i) The underlying nickel cathode that each warrant represents shall be produced by the same producer and of the same registered trademark, quality grade, shape, and set weight. The registered producer may decide, in his sole discretion, the weight of each set, provided that the sets form a minimum delivery size. Each weight set shall be assembled with rust-resistant steel straps (30-32*0.9-1.0mm) in a double parallel-cross manner or other methods of a similar strength. The strapping shall be reliable. The goods marks and set weight shall be easy to see and securely attached.
(ii) If the goods arrive with broken steel straps, severe rust or corrosion, they shall be reassembled with steel straps as specified in Article 18(1) before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

Article 52 Necessary certificates for the deliverable goods
(i) Domestic product: the product quality proof issued by the registered producer.
(ii) Imported product: the product quality proof, the production origin proof, the quality assay report, the customs import tariff payment certificate and the customs VAT levy certificate. These certificates shall not be valid unless verified by the Exchange.

If national policies on taxation, quality inspection or other aspects change, the revised policies shall prevail. Under such circumstances, the Exchange shall announce the revised requirements for certificates with regard to the imported product in due course.

Article 53 Measuring & more or less clause
The underlying nickel cathode for each standard warrant weights six (6) tons. Differences between standard warrant weight and actual delivery weight shall not exceed three percent (3%). Weight difference shall not exceed one-tenths of a percent (0.1%).

Article 54 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 55 Delivery venue: The certified delivery warehouse designated by the Exchange, as announced by the Exchange in due course. Nickel cathode for delivery shall be stored indoors.

Chapter 9 TIN INGOTS

Article 56 Minimum delivery size: two (2) tons.

Article 57 Grade and quality qualifications are provided in the Tin Contract Specifications of the Shanghai Futures Exchange.

Article 58 Deliverable commodity
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Article 59 Packaging for the deliverable commodity

(i) The underlying nickel cathode that each warrant represents shall be produced by the same producer and of the same registered trademark, quality grade, shape, and set weight. The registered producer may decide, in his sole discretion, the weight of each set, provided that the sets form a minimum delivery size. Each weight set shall be assembled with rust-resistant steel straps (30-32*0.9-1.0mm) in a double parallel-cross manner or other methods of a similar strength. The strapping shall be reliable. The goods marks and set weight shall be easy to see and securely attached.

(ii) If the goods arrive with broken steel straps, severe rust or corrosion, they shall be reassembled with steel straps as specified in Article 18(1) before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

(iii) Each tin ingot of the domestic product shall weigh twenty five (25) kilograms plus or minus (±) one and a half (1.5) kilograms.

Article 60 Necessary certificates for the deliverable goods
(i) Domestic product: the product quality proof issued by the registered producer.

(ii) Imported product: the product quality proof, the production origin proof, the quality assay report, the customs import tariff payment certificate and the customs VAT levy certificate. These certificates shall not be valid unless verified by the Exchange.

If national policies on taxation, quality inspection or other aspects change, the revised policies shall prevail. Under such circumstances, the Exchange shall announce the revised requirements for certificates with regard to the imported product in due course.

Article 61 Measuring & more or less clause
The underlying tin ingots for each standard warrant weigh two (2) tons. Differences between standard warrant weight and actual delivery weight shall not exceed three percent (3%). Weight difference shall not exceed one-tenths of a percent (0.1%).

Article 62 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 63 Delivery venue: The certified delivery warehouse designated by the Exchange, as announced by the Exchange in due course. Tin ingots for delivery shall be stored indoors.

Chapter 10 STEEL REBAR

Article 64 Minimum delivery size: three hundred (300) tons.

Article 65 Grade and quality qualifications are provided in the Steel Rebar Contract Specifications of the Shanghai Futures Exchange.

Article 66 Quality specifications
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Rules provided in the National Standard GB 1499.2-2007—Steel for Steel Reinforced Concrete Part II: Hot-rolled Ribbed Steel Bar, shall apply to the shape, size, weight and weight difference of the deliverable commodity.

The expiry of each delivery set shall be ninety (90) days following the date of production. A standard warrant shall not be issued unless the commodity is delivered to a certified delivery warehouse within thirty (30) days following the date of production.

Steel rebar for delivery at the certified delivery warehouse shall be nine (9) meters or twelve (12) meters in length.

Article 67 Packaging and stocking
Rules provided in the GB1499.2-2007—Steel for Steel Reinforced Concrete Part II: Hot-rolled Ribbed Steel Bar,shall apply to the packaging, marking and the quality proof of the commodity.

The underlying steel rebar that each warrant represents shall be produced by the same producer and of the same trademark, grade, shape, nominal diameterand length. The date of production of the steel rebar to be delivered against a standard warrant shall not be more than ten (10) consecutive days and the earlier date shall be deemed as the date of production of the steel rebar under the standard warrant.

The steel rebar under a standard warrant shall be stocked as one minimum delivery size.

Article 68 Necessary certificates for the deliverable goods
The product quality proof issued by the registered producer shall be provided.

Article 69 Measuring & more or less clause
The commodity shall be measured by weight. Differences between standard warrant weight and actual delivery weightfor each standard warrant shall not exceed three percent (3%). The weight difference shall not exceed three-tenths of one percent (0.3%).

Article 70 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 71 Delivery venue: the certified delivery warehouse and the mill warehouse designated by the Exchange, as announced by the Exchange in due course.

Chapter 11 WIRE ROD

Article 72 Minimum delivery size: three hundred (300) tons.

Article 73 Grade and quality qualifications are provided in the Wire Rod Contract Specifications of the Shanghai Futures Exchange.

Article 74 Quality specifications
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Rules provided in the National Standard GB 1499.1-2008—Steel for Steel Reinforced Concrete Part I: Hot-rolled Plain and Round Steel Bar shall apply to the shape, size, weight and weight difference of the deliverable commodity.

The expiry of each delivery set shall be ninety (90) days after the date of production. The standard warrant shall not be issued unless the commodity is delivered to a certified delivery warehouse within thirty (30) days after the date of production.

Article 75 Packaging and stocking
Rules provided in the GB1499.1-2008—Steel for Steel Reinforced Concrete Part I: Hot-rolled Plain and Round Steel Bar shall apply to the coiled delivery, packaging, marking and the quality proof of the commodity.

The underlying wire rod that each warrant represents shall be produced by the same producer and of the same trademark, grade, shape and nominal diameter. The date of production of the wire rod to be delivered against a standard warrant shall not be more than two (2) consecutive days and the earlier date shall be deemed as the date of production of the wire rod under the standard warrant.

The wire rod under a standard warrant shall be stocked as one minimum delivery size.

Article 76 Necessary certificates for deliverable goods
The product quality proof issued by the registered producer shall be provided.

Article 77 More or less clause & weight difference
The commodity shall be measured by actual weighing. Differences

between standard warrant weight and actual delivery weight for each standard warrant shall not exceed three percent (3%). The weight difference shall not exceed three-tenths of one percent (±0.3%).

Article 78 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 79 Delivery venue: the certified delivery warehouse and the mill warehouse designated by the Exchange, as announced by the Exchange in due course.

Chapter 12 HOT-ROLLED COIL

Article 80 Minimum delivery size: three-hundred (300) tons.

Article 81 Grade and quality qualifications are provided in the Hot-rolled Coil Contract Specifications of the Shanghai Futures Exchange.

Article 82 Quality Specifications
The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Rules provided in the National Standard GB/T3274-2007—Carbon Structural Steel, Hot-rolled Thick Steel Plate of Low Alloy Structural Steel and Steel Belt, or JISG 3101-2010—Rolled Steel for General Structure, shall apply to the shape, size, weight and weight difference of the deliverable commodity.

The expiry of each delivery set shall be three-hundred and sixty (360) days after the date of production. The earliest production date of the underlying hot-rolled coil that each warrant represents shall be the production date of such warrant.

Article 83 Grade
The underlying hot-rolled coil that each warrant represents shall be produced by the same producer and of the same brand, width and thickness.

Article 84 Packaging and stocking

Rules provided in the GB/T3274-2007—Carbon Structural Steel, Hot-rolled Thick Steel Plate of Low Alloy Structural Steel and Steel Belt, or JISG 3101-2010—Rolled Steel for General Structure, shall apply to the packaging, marking and the quality proof of the delivered commodity.

The hot-rolled coil under a standard warrant shall be stocked as one minimum delivery size.

Article 85 Necessary certificates for deliverable goods
The product quality proof issued by the registered producer shall beprovided.

Article 86 More or less clause & weight difference
The commodity shall be measured by actual weighing. Differences between standard warrant weight and actual delivery weight for each standard warrant shall not exceed five percent (5%). The weight difference shall not exceed three-tenths of one percent (±0.3%).

Article 87 During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 88 Delivery venue: the certified delivery warehouse as designated and announced by the Exchange in due course.

Chapter 13 NATURAL RUBBER

Article 89 Minimum delivery size: five (5) tons.

Article 90 Grade and quality qualifications are provided in the Natural Rubber Contract Specifications of the Shanghai Futures Exchange.

Article 91 The registered trademarks of domestic natural rubber will be announced by the Exchange in due course.

Article 92 Packaging
(i) Domestic product (SCR WF) shall be wrapped in polyethylene film and placed in a polypropylene bag. Each pack shall have a net weight

of thirty-three and three-tenths (33.3) kilograms, with thirty (30) packs forming a ton. No more or less clause shall be applied to weight. The size of a pack shall be six hundred and seventy (670) multiplied by three hundred and thirty (330) with the product multiplied by two hundred (200) millimeters. The surface of the pack shall carry the specifications of the commodity, including the grade, net weight, name or signifier code of the producer, date of production and production license number.
(ii) The imported RSS 3 rubber shall be in packs covered with rubber sheets. Packs of each delivery set shall be of the same weight. The standard weight of a pack shall be one hundred eleven and eleven one-hundredths (111.11) kilograms, with nine (9) packs forming a ton. No more or less clause shall be applied to weight. Sub-standard packs shall be measured by their actual weights, with weight difference not exceeding 2 percent (0.2%) and differences between standard warrant weight and actual delivery weight not exceeding three percent (3%).

Article 93 Necessary certificates for the deliverable commodity
(i) Domestic product (SCR WF): an original copy of the quality inspection certificate (or the testing /appraisal report) on the actual delivered goods issued by a national quality testing organization certified by the Exchange, as specified in Appendix 1 to these Delivery Rules, shall be provided at the time of delivery.
(ii) The imported RSS 3: an original copy of the official version of the declaration to the customs on import goods, the quality assay report and a photocopy of the imported trade contract, the customs import tariff payment certificate and the customs VAT levy certificate.
(iii) The goods shall be inspected using a sample test. Samples shall be taken only on the premises of the certified delivery warehouse after the load-in and shall not be taken during the process of transportation to the warehouse. A set for a sample test may not exceed one hundred (100) tons. Any excess over this amount shall be subject to an additional sample test.

If national policies on taxation, quality inspection or other aspects change, the revised policies shall prevail. Under these circumstances, the Exchange shall announce the revised requirements for certificates with regard to the imported product in due course.

Article 94 Period of validity
(i) Domestic product (SCR WF) is valid for delivery at the certified delivery warehouse up to the last delivery month of the second (2nd) year after the year of its production. Beyond that time, the rubber

shall be unwarranted and converted to actuals. If the domestic rubber produced in the current year is to be applied to the physical delivery, it shall be stored in the certified delivery warehouse no later than the sixth (6) month (excluding June) of the succeeding year; otherwise, it shall be ineligible for delivery.
(ii) The imported RSS 3 shall be valid for delivery at a certified delivery warehouse up to the eighteenth ($18^{th)}$ month following the issuance of the quality assay report. Beyond that time, the rubber shall be converted to be actuals. The RSS 3 shall be stored in a certified delivery warehouse within six (6) months following the issuance of the quality assay report; otherwise, it shall be ineligible for delivery.
(iii) The quality assay report and the quality inspection certificate (or the testing /appraisal report) on the natural rubber at the certified delivery warehouse are valid up to the ninetieth ($90^{th)}$ day following their issuance. After these reports expire, the underlying commodity shall not be eligible for delivery until it is inspected and verified anew.

Article 95 The natural rubber inbound to the certified delivery warehouse shall be dry and clean. The certified delivery warehouse shall open and inspect packs equal to ten percent (10%) of the inbound goods and then shall sew up those packs. The certified delivery warehouse shall reject the load-in if defective features are detected such as cracking, drenching, dampness, mildew, blackening or severe contamination, and the goods having those features shall not be eligible for delivery.

Article 96 The natural rubber that is delivered against a standard warrant shall be of the same delivery set and of the same packaging specification as described in the standard warrant.

Article 97 Final settlement price of each natural rubber futures contact shall be the volume-weighted average of the prices of that contract for the last five (5) trading days each of which and any of which generates trading volume to that contract.

After receiving the buyer’s(member’s) payment for delivery, the Exchange shall refund his margins on the delivered positions. The Exchange shall, in its sole discretion, withhold the margin of the member (seller) on the delivered positions and, if no disputes on quality arise, the Exchange shall refund the margin to the member (seller) on the first business day after the fifteenth (15^{th}) date of the month following the delivery month.

Article 98 Delivery venue: the certified delivery warehouses, as designated by the Exchange and provided in Appendix 3 to these Delivery Rules.

Chapter 14 SILEVER

Article 99 Minimum delivery size: Thirty (30) kilograms.

Article 100 Grade and quality qualifications are provided in the Silver Contract Specifications of the Shanghai Futures Exchange.

Article 101 The deliverable commodity shall be the goods whose producers and trademarks are registered with the Exchange.

Article 102 Specifications
Each deliverable silver ingot shall weigh fifteen (15) kilograms plus or minus (±) one (1) kilogram or thirty (30) kilograms plus or minus (±) two (2) kilograms.

The silver ingots that each warrant represents shall be produced by the same producer and of the same trademark, grade and shape.

Article 103 Packaging
There is no specific requirement of packaging for load-in or load-out of silver ingots.

Article 104 Necessary certificates for the deliverable commodity
(i) Domestic product: the product quality proof issued by the registered producer.
(ii) Imported product: announced by the Exchange in due course.

Article 105 More or less clause & weight difference: Differences between standard warrant weight and actual delivery weight for each standard warrant of silver ingot shall not exceed two percent (2%). The weight difference for each ingot shall not exceed one percent (1%)

Article 106 Inspection on the quantity and weight of the load-in silver ingots
The certified delivery warehouse will count load-in silver ingots and double-check the weight for each ingot. The weight of each silver ingot shall be determined by the product quality proof issued by the registered producer if the weight difference is within the rage specified in Article 80.

Article 107
During the delivery period, if the procedures with respect to the standard warrant, the VAT invoice, and payment are completed by 14:00 hours on the current day, the Exchange shall refund on that day the margin on the delivered positions. If the procedures are completed after 14:00 hours, the Exchange shall refund the margin on the following business day.

Article 108
Delivery venue: the certified delivery warehouse designated by the Exchange, as announced by the Exchange in due course.

Chapter 15 EXCHANGE OF FUTURES FOR PHYSICALS

Article 109 The exchange of futures for physicals, or the EFP, is the process that the members or customers who hold opposite positions to the same delivery month futures contract apply to the Exchange and, with the Exchange's approval, close out such positions through the Exchange and at the price that is fixed by the Exchange, and transfer the standard warrant that represent the underlying commodity of the contract at the mutually agreed price.

Article 110 Each EFP is exercisable from the first listed day of the EFP contract through the second business day prior to the last business day of the EFP contract delivery month.

After the buyer and seller(member or customer) holding opposite positions in the same delivery month of a futures contract come to an agreement as to terms, they shall present an EFP application to the Exchange and fill out the standard EFP application form, as provided in Appendix 3, and submit it to the Exchange by 14:00 hours on a business day as specified above in this Article 85.

For a delivery on a non-standard warrant, photocopies of the relevant sales contract and bill of lading shall be provided.

Article 111 The EFP shall only be applied to the open interest prior to the date when the EFP is applied for on all the Exchange's listed contracts but not to the new positions opened on the application date.

Article 112 The final settlement price for an EFP shall be the mutually agreed price between the buyer and seller(member or customer).

Article 113 The positions of the buyer and seller to the EFP contract shall be closed out by the Exchange by 15:00 hours on the application date at the settlement price of the EFP contract on the trading dayprior to the application date.

Article 114 The trade margin on the EFP positions shall be calculated based on the settlement price of the EFP contract on the trading dayprior to the application date.

Article 115 All the documents pertaining to the EFP, including payment and warrants, shall be submitted to the Exchange by 14:00 hours on the first Trading day after the application date.

Article 116 The delivery payment pertaining to an EFP shall be posted through the in-house fund transfer system.

Article 117 The seller shall submit the VAT invoice to the Exchange within seven (7) days of the conclusion of the EFP procedures. If the seller submits the VAT invoice by 14:00 hours, the Exchange shall, in its sole discretion, refund the corresponding margin to the seller; if the seller submits the VAT invoice after 14:00 hours, the Exchange shall refund the margin during its clearing cycle on the next trading day. The Exchange shall issue the VAT invoice to the buyer on the next business day after it receives the VAT invoice from the seller.

Failure to submit the VAT invoice shall be subject to the provisions in the Clearing Rules of the Shanghai Futures Exchange.

Article 118 Failure to conclude the settlement and delivery within the time specified in Article 99 shall constitute a delivery default and subject the defaulting party to sanctions as provided in Chapter 14 in these Delivery Rules. If a dispute as to the quality of goods arises, the buyer shall request a resolution of the dispute within twenty-five (25) days of the exchange of documents, and include with his request a quality assay report issued by a certified assayer.

Disputes concerning the quality of the delivered goods against non-standard warrant shall be resolved by and among the interested members. The Exchange shall be exempt from any warranty responsibilities.

Article 119 Any malicious EFP behavior shall be subject to the sanctions as provided the Enforcement Rules of the Shanghai Futures

Exchange.

Article 120 The Exchange shall make a timely disclosure of information on each EFP.

Chapter 16 CHARGES AND FEES

Article 121 Parties to a physical delivery shall pay delivery fees to the Exchange based on the following rates:

- copper: two (2) Yuan/ton;
- aluminum: two (2) Yuan/ton;
- zinc: two (2) Yuan/ton;
- steel rebar and wire rod: one (1) Yuan/ton;
- natural rubber: four (4) Yuan/ton; and
- lead,nickel, tin, silver and hot-rolled coil: to be set forth and announced by the Exchange in due course.

Article 122 The fee schedule with respect to the charges the certified delivery warehouse applies to the load-in, load-out and storage shall be approved by the Exchange.

Article 123 Among the services for which a certified delivery warehouse may charge are the following:
(i) load-in fees, load-out fees, loading fees, packaging fees, pick-up fees, ownership transfer fees, consignment fees, fast track fees, special working charges, standard warrant printing fees, and other charges recognized and approved by the Exchange. The certified delivery warehouse shall present to the owner valid invoices that specify fees charged on the actual services provided. The owner shall, after verifying the accuracy of the invoices, pay them out at one time.
(ii) warehousing fees shall be charged on a daily basis. The warehousing fees chargeable prior to and including the last delivery day shall be borne by the seller, while the fees thereafter are the responsibility of the buyer. The certified delivery warehouse shall note the date of payment on the standard warrant when the fees are paid. The owner shall make the payment by the end of each month at the certified delivery warehouse. Advance payment is allowed.

Charges and fees imposed by a certified delivery warehouse for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, silver, hot-rolled coil and natural rubber shall be set forth and announced by the Exchange in due course.

Chapter 17 DEFAULT

Article 124 Any of the following acts shall constitute a default on delivery:
(i) A seller fails to present standard warrant in sufficient amount within the specified time period;
(ii) A buyer fails to make payment in sufficient amount within the specified time period; or
(iii) The goods a seller delivers do not comply with the grade and specific qualifications in the futures contract.

Article 125 In calculating the amount the buyer owes for defaulting on a contract, a deposit of twenty percent (20%) of the value of the contract shall be reserved for liquidated damages and compensation.

The following formulas shall be used to calculate the amount owed as the result of a default:

SAD=ASWD–ASWP
BAD=(PD – PM)÷(1-20%)÷FSP÷CS
where
SAD=seller's amounts (in lot) defaulted
ASWD=amounts (in lot) of standard warrant due
ASWP=amounts (in lot) of standard warrant posted
BAD=buyer's amounts (in lot) defaulted
PD=payment due
PM=payment made
FSP=final settlement price
CS=contract size

Article 126 If a default exists, the Exchange shall, by 16:30 hours on the day when such default occurs, notify the party who commits the default, or the defaulter, and the party who suffers a default, or the defaultee.

The defaultee shall, by 11:00 hours on the next trading day, submit to the Exchange his written intent on whether to terminate or continue the delivery. Failure to submit the intent within the specified time period shall be deemed by the Exchange as intent to terminate on the part of the defaultee.

Article 127 In the event of a default, the defaulter shall post a default

deposit of five percent (5%) of the nominal value of the defaulted amount, and the following methods shall be applied:
(i) If the seller defaults, the buyer may opt for any of the following actions:

a) Terminate delivery. The Exchange shall refund the payment to the buyer; or

b) Continue delivery. The Exchange shall, on the next trading day after he rules that the seller has defaulted, request for procurement from the public to provide the standard warrant within seven (7) trading days. If the request for procurement proves successful, the Exchange shall present the procured standard warrant to the buyer; otherwise, the seller shall make payment to the buyer in the sum of fifteen percent (15%) of the nominal value of the defaulted amount as a compensation, the Exchange shall return the delivery payment to the buyer and the delivery shall be terminated. The seller shall bear all the losses and costs due to or arising from the public procurement.

(ii) If the buyer defaults, the seller may opt for any of the following actions:

a) Terminate delivery. The Exchange shall return the standard warrant to the seller.

b) Continue delivery. The Exchange shall, on the next trading dayafter he rules the buyer in default, call for an auction from the public for the sale of the standard warrant which shall take place within seven (7) trading days. If the call for auction proves successful, the Exchange shall post the delivery payment to the seller; otherwise, the buyer shall make payment to the seller of fifteen percent (15%) of the nominal value of the defaulted amount owed to the seller; the Exchange shall return the standard warrant to the seller; and the delivery shall be terminated. The buyer shall bear all the losses and costs due to or arising from the public auction.

The Exchange’s obligations to guarantee the delivery shall be dismissed with the termination of the delivery.

Article 128 The procurement price shall not be greater than one hundred and twenty five percent (125%) of the final settlement price and the auction price no lower than seventy five percent (75%) of the final settlement price.

Article 129 In the event of the buyer and seller defaulting simultaneously, the Exchange shall terminate the delivery and fine both sides five percent (5%) of the nominal value of the defaulted amounts.

Article 130 If a member commits a partial delivery default, the standard warrant or the payment the defaulting member receives may be applied to the resolution of the default.

Article 131 If a member intends to commit a default on physical delivery, he shall be subject to sanctions provided in the Enforcement Rules of the Shanghai Futures Exchange.

Article 132 The member and the certified delivery warehouse involved in a default are obligated to provide evidence, material and information with regard to the default. A member’s failure to provide such evidence, material and information will not impede the establishment of the facts of a default.

Article 133 Disputes between the owner and the certified delivery warehouse as to the conclusions resulting from an inspection of goods shall be resolved by making a joint inspection with both parties participating. A certified assayer may be asked to conduct a re-inspection and the conclusions drawn from the re-inspection shall form the basis for the resolution of the disputes.

Chapter 18 MISCELLANEOUS

Article 134 Provisions on delivery with regard to fuel oil, gold, bitumen or other listed products shall be announced by the Exchange in due course.

Article 135 Rules applicable to the trading of spot trades and standard warrant shall be made in due course.

Article 136 Any violations of these Delivery Rules shall be subject to the sanctions as provided in the Enforcement Rules of the Shanghai Futures Exchange.

Article 137 The Exchange reserves the right to interpret these Delivery Rules.

Article 138 These Delivery Rules are effective as of MMDDYY, and for the nickel and tin futures, the listing day.

The Appendix 1 Certified Assayers on Copper, Aluminum, Zinc, and Natural Rubber Designated by the Exchange

The Appendix 2 Certified Delivery Warehouses Designated by the Exchange

The Appendix 3 Application Form for an EFP on the Shanghai Futures Exchange

Appendix I
Certified Assayers on Copper, Aluminum, Zinc, Natural Rubber Designated by the Exchange

Name	Product
1. Technical Center for Industrial Products and Raw Materials Inspection, Shanghai Entry-Exit Inspection and Quarantine Bureau	Copper, aluminum, zinc, rubber
2. Shandong Co., Ltd. Of China Certification & Inspection Group	Rubber
3. Center of Supervision, Inspection and Testing for the Quality of Natural Rubber under Ministry of Agriculture of the People's Republic of China (Hainan)	Rubber
4. Station of Supervision and Inspection for the Quality of Natural Rubber and Coffee Products of Yunnan Province (Kunming)	Rubber
5. East China Center of Quality Inspection of China Non-ferrous Metals Industry	Copper, aluminum, zinc
6. South China Center of Quality Inspection of China Non-ferrous Metals Industry	Copper, aluminum, zinc
7. Tianjin Co., Ltd. of China Certification & Inspection Group	Rubber
8. China Certification & Inspection Group Inspection Co., Ltd.	Copper, aluminum, zinc
9. Shanghai Zhong Chu Material Inspection Co., Ltd.	Copper, aluminum, zinc

Appendix II
Certified Delivery Warehouse Designated by the Exchange

	Warehouse Name	Business Address	Commodity for Delivery	Storage Location	Storage Address	Business Telephone Number	Contact Person	Zip Code	Railway Station/Port	Price Differential Rates for Distant Location
1.	Shanghai Guochu Tianwei Storage Ltd.	No.1289 Xingta Road, Huangdu Industrial Park, Jiading District, Shanghai	Copper, Aluminum, Zinc	Section Seven, Shanghai, State Reserves Bureau	No.1289 Xingta Road, Huangdu Industrial Park, Jiading District, Shanghai	(021)39003151 Fax: 39003152	Haiying Yang	201804	_	Standard
2.	Zhongchu Development Ltd.	Shunyi Avenue, Beichen District, Tianjing	Copper, Aluminum, Zinc	Shanghai Wusong Branch Office	No.495 Tieshan Road, Baoshan District, Shanghai	(021)33794175 33790944 Fax: 33791143	Simin Ding Quanjiang Cao	201900	Shanggangwuchang Private Siding (Zhongchuwusong Branch Office)	Standard

			Copper, Aluminum	Shanghai Dachang Branch Office	No.310, No.257 Nanda Road, Baoshan District, Shanghai	(021)62500165 Fax: 62500166	LichunHou Zhenjia Jin	200436	Taopu Station (ZhongchuDachang Office Private Siding)	Standard
			Rubber	Shanghai Dachang Branch Office	No.310 Nanda Road, Baoshan District, Shanghai	(021)52843316 Fax:62508007	Jingyue Shi			
			Aluminum, Zinc	Shanghai Dachang Branch Office	No.137 Nanda Road, Baoshan District, Shanghai	(021)56681853 Fax: 56680969	Zheng Li			
			Aluminum	Wuxi Logistics Center	No.32-1 Chengnan Road, Wuxi	(0510)85368888 Fax: 85360319	Haisu Huang	214011	Zhoujing Tunnel	Standard

			Rubber	Tianjing Nanchang Branch Office	Shunyi Avenue, Beichen District, Tianjing	(022)86563365 86563351 Fax: 86563366	Fenglei Yang Li Yue	300400	(Beijing Bureau) NancangZhongchu Share, Nanchang Branch Office Private Siding	Standard
3.	Shanghai Qisheng Management of Storage and Transportation Ltd.	No.2280,Jianchuan Road, Minhang District, Shanghai	Copper, Aluminum,	Minhang Storage	No.2280,Jianchuan Road, Minhang District, Shanghai	(021)64305295 Fax: 64629397	Haimin Zhou Rongde Gong	200240	Minhang Station 541 Private Siding	Standard
			Zinc	Quansheng Storage	No.3645 Caoan Road, Shanghai	(021)51642912 Fax: 51642995	Xiaobo Wu		Shanghai Fengbang Station Stop four Private Siding	
4.	Shanggang Logistics & Metals Warehousing (Shanghai) Co., Ltd	No.240 Anda Road, Baoshan District, Shanghai	Copper, Aluminum, Zinc	Shanggang Group, Anda Road Branch	No.240 Anda Road, Baoshan District, Shanghai	(021)56440120 Fax: 56443044	Jiangle Yan WenJun Pan	200940	Outbound Zhanghuabang Railway Station	Standard

				Office						
			Copper, Aluminum, Zinc	Shanggang Group, Jungong Road Branch Office	No.4501 Jungong Road, Baoshan District, Shanghai	(021)56440120 Fax: 56443044	Jiangle Yan WenJun Pan	200432	Shanggang Group, Jungong Road Branch Office Railway Station	Standard
			Copper, Aluminum, Zinc	Shanggang Group, Jungong Road Branch Office	No.4049 Jungong Road, Baoshan District, Shanghai	(021)56440120 Fax: 56443044	Jiangle Yan WenJun Pan	200432	Shanggang Group, Jungong Road Branch Office Railway Station	Standard
5.	Shanghai Riches Logistics Co., Ltd	Floor 11,Block A, No.3699, Gonghexin Road, Shanghai	Copper, Aluminum, Zinc	Riches Logistics	No.3501 Gonghexin Road, Shanghai	(021)36521992 Fax: 56771694	YijunXu Fei Ye	200443	Shanghai Railway Beijiao Station	Standard
6.	Shanghai Tongsheng Logistics Park Investment&Development	No.777 Tongshun Avenue, Luchaogang, Pudong	Copper, Aluminum, Zinc	Tongsheng Logistics LuchaoStorage	No.777 Tongshun Avenue, Luchaogang,	(021)68281891 Fax: 68281044	Wei Xu Kuizheng Li	201308	Shanghai Railway Luchaogang Container Center	Standard

	Co., Ltd.	District, Shanghai			Pudong District, Shanghai				Station	
			Copper, Aluminum	Tongsheng Logistics Yangshangang Bonded Storage	No.389 Shunyun Road, Yangshangang District, Shanghai	(021)68281891 Fax: 68281044	Wei Xu Kuizheng Li	201308	Shanghai Railway Luchaogang Container Center Station	Bonded
7.	Shanghai ZhongchuLingang Logistics Co,. Ltd	No.195 Shuanghui Road, Yangshangang, Shanghai	Copper, Aluminum	Zhongchulingang Logistics Yangshangang Bonded Storage	No.195 Shuanghui Road, Yangshangang, Shanghai	(021)68280480 Fax: 68280497	Zhenghua Zhang Yuxiang Mao	201308		Bonded
8.	Guangdong Management of Storage Bureau	No.28 Huanghua Road, Guangzhou	Aluminum	Guangdong Management of Storage Bureau	The west side of the warehouse in Yanbuzhen Sanyanqiao,	(0757)85760802 Fax: 85760803	Hui Yu Youhua Zhang	528247	(Guang) Sanyanqiao	Standard

					Nanhai, Guangdong					
9.	GuangzhouShengshi Non-ferrous Metals Sales& Transportation Company of China	No.48 Zhongshan 2nd Road, Guangzhou	Aluminum	Sanyanqiao Branch Office	East Sanhe Road Hubang part, the west side of the warehouse in Yanbuzhen Sanyanqiao, Nanhai, Guangdong	(0757)85785606 Fax: 85785806	JianJun Ma Xiaoli Wang	528247	(Guang) Sanyanqiao	Standard
			Aluminum, Zinc	Shengshi Xiaotang Warehouse	Shengshi Logistics Xiaotang Storage, the West side of the	0757-81162300 Fax: 81162309	Weicong Chen	528222	Guangdong Shengshi Logistics Line (Line Stock Nine, Line Stock Ten)	Standard

					Xiaotang Freight Yard, Nanhai District, Foshan Guangdong Province					
10.	Nanchu Management of Non-ferrous Metal Storage Ltd.	No.166 Foluogong Road, Chancheng District, Foshan, Guangdong	Aluminum, Zinc	Guangdong NanhaiNanchun Management of Non-ferrous Metal Storage Ltd.	No.166 Foluogong Road, Chancheng District, Foshan, Guangdong	0757-88015023 Fax: 88015022	Junbin Li	528000	Jiebian Station (Guang) Nanchu Private Siding	Standard
11.	ZhangjiangKangyun Storage Ltd.	No.98 Gongkang Road, Hangzhou （inside of the rail Kangqiao	Aluminum, Zinc	ZhangjiangKangyun Storage Ltd.	No.98 Gongkang Road, Hangzhou (inside of the Rail	0571-56725585 56725565 88293234 Fax: 88026467	Libing Huang	310015	Hangzhou North Station Kangqiao Freight Yard	Standard

		Freight Yard ）			Kangqiao Warehouse)					
			Aluminum, Zinc	Zhuji Warehouse, ZhangjiangKangyun Storage Ltd.	No.539 Xierhuai Road, Taozhujie Avenue, Zhuji, Zhejiang	0575-87501753 Fax: 87501753	Zhe Jin Zhenghao Zhang	311800	East Zhuji Station	Standard
12.	Zhejiang State Reserves Bureau	No.331 Dadao Road, Zhenhai District, Ningbo	Aluminum, Zinc	Zhejiang State Reserves Bureau	No.331 Dadao Road, Zhenhai District, Ningbo	0754-86266748 Fax: 86266748	Fuli Ding ZhenmingXu	315200	Zhejiang Ningbo Zhuangqiao Railway Station	Standard
13.	Ningbo Jiulongcang Warehousing Co., Ltd	No.299 Pinghai Road, Zhenhai District, Ningbo	Aluminum, Zinc	Ningbo Jiulongcang Warehousing Co., Ltd	No.299 Pinghai Road, Zhenhai District, Ningbo	0754-27685010 Fax: 27693476	XueDong Wan Chao Zhang	315200	Zhejiang Ningbo Zhuangqiao Railway Station	Standard
14.	Wuxi Guaolian Logistics Ltd.	Meijingcunnan,	Aluminum, Zinc	Wuxi Guolian	Shitangwan	0510-83268687 Fax: 83071987	Lin Yu Guoyi Chen	214185	North Wuxi Station	Standard

		Shitangwan, Luoshe Town, Huishan District, Wuxi		Logistics Ltd.	Warehouse, Luoshe Town, Huishan District, Wuxi					
15.	Shanghai Changqiao Logistics Ltd.	No.1070 Laohumin Road, Shanghai	Rubber	Shanghai Changqiao Logistics Ltd.	No.1070 Laohumin Road, Shanghai	(021)64766418 Fax: 64765262	Qifeng Wu	200237	(Neihe)Dianpuhe Third Bridge Dock	Standard
16.	Shanghai JintongHuaqing Development Co. Ltd.	No.478 Nanda Road, Shanghai	Rubber	Shanghai JintongHuaqing Development Co. Ltd.	No.478 Nanda Road, Shanghai	(021)62506616 Fax: 63639098	Jiming Wu	200436	Huaqing Company TaopuWarehousingCompany Private Siding	Standard
17.	Shandong Aorunte Import & Export Co. Ltd.	No.15 Changshun Road, Chengyang District, Qingdao, Shandong	Rubber	Shandong Aorunte Import & Export Co. Ltd	No.15 Changshun Road, Chengyang District, Qingdao,	(0532)84816601 Fax: 84820047	Kaicheng Yu Hua Yan	266043	Shandong Import & Export of Livestock Product Company Qingdao Fur Industry	Standard

					Shandong				Private Siding	
18.	Shandong Management of Storage Bureau	No.80 Jingcheng Road, Chengyang District, Qingdao, Shandong	Rubber	Shandong Management of Storage Bureau	No.80 Jingcheng Road, Chengyang District, Qingdao, Shandong	(0532)87756153 Fax: 87756270	Haohua Chen Hua Yan	266109	Shandong Management of Storage Bureau Private Siding	Standard
19.	Yunnan Storage& Transportation of Caoutchouc Center	Yunnan Haikou Dongjiaoliang ting	Rubber	Yunnan Storage& Transportation of Caoutchouc Center	Yunnan Haikou Dongjiaoliangting	(0871)3914605 Fax: 3915131	Ming Zhang JunfangZeng	650215	Kunming Dongjiaoliang ting Ten Avenue (supply by Yunnan land reclamation)	Discount of RMB 280
20.	Hainan Haikou Harbor Group Company	Haikougang Building floor 3rd, Xiuying Dock, Haikou, Hainan	Rubber	Freight Branch Office	Xiuying Dock, Haikou, Hainan	(0898)68652597 Fax: 68652597	Dibao Li	570311	Haikou Port	Discount of RMB 210
21.	Hainan Xinsike Electronic Business	Huaneng Building No.36 Datong	Rubber	Yonggui Warehouse	No.9Yonggui Road,	(0898)66700097 Fax: 66721940	Haiwang Wei	570102	Xiuying Dock, BinhaiAvenu	Discount of RMB 210

	Ltd.	Road, Haikou, Hainan			Changliujinpan Yonggui Developing Area, Haikou, Hainan				e, Haikou, Hainan Province	

Appendix III
Application Form of EFP of the Shanghai Futures Exchange

We, as the buyer and seller, bound by the Delivery Rules of the Shanghai Futures Exchange, apply hereby on the following details

Product		Contract	
Lots for Delivery		Tons of Delivery	
Final Settlement Price	(Yuan/ton)		
Buyer (member) (Badge No.)		Seller (member) (Badge No.)	
Buyer (customer) Name		Seller(customer) Name	
Buyer (customer) Code		Seller customer Code	
Nature of Buyer Positions		Nature of Seller Positions	
*Delivery Point of Non-standard warrant		*Brand of Non-standard warrant	
*Non-standard warrant Code		*Amounts of Non-standard warrant (tons)	
*Reasons for delivery of non-standard warrant			

Note: *Only applicable in delivery of non-standard warrant. For a delivery of non-standard warrant, photocopies of relevant trading contracts and delivery claim statement shall be provided.

Buyer (member) stamp   Seller (member) stamp

Date of Application MM/DD/YY

Appendix-5

HEDGING RULES

(AMENDMENT)

Chapter 1 GENERAL PROVISIONS

Article 1 These Hedging Rules are made, subject to the General Exchange Rules of the Shanghai Futures Exchange, to ensure the integrity of the hedging functions provided by the Exchange.

Article 2 Hedging positions in these Hedging Rules include regular month hedging positions and nearby delivery month hedging positions.

The hedging positions for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil, gold, silver, natural rubber and bitumen futures include regular month hedging positions and nearby delivery month hedging positions. For purpose of these Hedging Rules, the term "regular month" here means months during the period from the date of listing of the contract till the last trading day of the second month prior to the delivery month, and the term "nearby delivery month" means the first month prior to the delivery month and the delivery month.

The hedging positions for fuel oil futures include regular month hedging positions and nearby delivery month hedging positions. For purpose of these Hedging Rules, the term "regular month" for fuel oil futures means months during the period from the date of listing of the contract till the last trading day of the third month prior to the delivery month, and the term "nearby delivery month" means the second and the first month prior to the delivery month.

Article 3 These Hedging Rules are binding on the members and customers who engage in hedging activities on or through the Shanghai Futures Exchange, or the Exchange.

Chapter 2 APPLICATION AND APPROVAL OF REGULAR MONTH HEDGING POSITIONS

Article 4 Application for regular month hedging positions for each futures product shall be approved by the Exchange. The regular month hedging positions applied for are either long or short positions.

Article 5 Each customer, who needs to take regular month hedging positions, shall apply to his carrying FF member, who shall, after reviewing and verifying the application, refer the application to the Exchange for approval. A non-FF member shall apply directly to the Exchange for approval.

Article 6 Each customer or non-FF member applying for regular month hedging positions shall be involved in the business whose nature is related to the products of those hedging positions.

Article 7 Each member or customer applying for regular month hedging positions shall complete an Application (Approval) Form for Regular Month Hedging Positions on the Exchange, and include the following documents:

- a photocopy of his business license;
- a profile of his business performance in actuals for the last calendar year;
- a business plan for the actuals for the current calendar year or the next calendar year; any sales and purchase contract in relation to hedging positions or any other documents evidencing the same;
- a plan for hedging, including a description of the source of risks, objectives for the hedge and anticipated amounts needed for delivery or close-out of positions; and
- any other documents as required by the Exchange.

Article 8 Regular month hedging positions for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil, gold, silver, natural rubber and bitumen futures shall be applied for before the last trading day of the second month prior to the delivery month of the contract and the Exchange will not accept any applications for regular month hedging positions after the expiry of such period. Each member or customer may each time apply for regular month hedging positions in various contracts.

Article 9 Regular month hedging positions for fuel oil futures shall be applied for before the last trading day of the third month prior to the delivery month of the contract and the Exchange will not accept any applications for regular month hedging positions after the expiry of such period. Each member or customer may each time apply for regular month hedging positions in various contracts.

Article 10 The Exchange will determine the amounts of the regular month hedging positions with regard to the attributes of each applicant including:

- qualification of the applicant;
- products for hedging;
- whether the hedging positions applied for are long or short positions;
- amounts of long or short positions;
- timing for hedging;
- profile of production and business operation;
- historical performances of business;
- financial conditions

The amounts of regular month hedging positions approved by the Exchange shall not exceed the amounts specified in the application documents.

Chapter 3 APPLICATION AND APPROVAL OF NEARBY MONTH HEDGING POSITIONS

Article 11 Application for nearby delivery month hedging positions for each futures product shall be approved by the Exchange. The nearby delivery month hedging positions applied are either long or short positions.

Article 12 Each customer, who needs to take nearby delivery month hedging positions, shall apply to his carrying FF member, who shall, after reviewing and verifying the application, refer the application to the Exchange for approval. A non-FF member shall apply directly to the Exchange for approval.

Article 13 Each member or customer applying for nearby delivery month hedging positions shall complete an Application (Approval) Form for Nearby delivery month Hedging Positions on the Exchange, and include the following documents with regard to the attributes of the customer if such customer is a:

i) producer

- production plan for the current calendar year or the last calendar year;
- warehouse receipts of actuals that are in the same amounts as those hedging positions or other valid certificates evidencing ownership of actuals

ii) processer

- production plan for the current calendar year or the last calendar year;
- if applying for hedging positions for long purpose, order forms for processing or sales and purchase contracts that are in the same amounts as those hedging positions;
- if applying for hedging positions for short purpose, warehouse receipts of actuals that are in the same amounts as those hedging positions or other valid certificates evidencing ownership of actuals, i.e., sales and purchase contracts or invoices.

iii) trader or others

- if applying for hedging positions for long purpose, sales and purchase contract that are in the same amounts as those hedging positions or other valid certificates evidencing ownership of actuals
- if applying for hedging positions for short purpose, warehouse receipts of actuals that are in the same amounts as those hedging positions, sales and purchase contract or invoice.

Article 14 The Exchange has the right to require any other documents apart from those listed in the Article 13 from the member or the customer as it deems necessary.

Article 15 Nearby delivery month hedging positions for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil, gold, silver, natural rubber and bitumen futures shall be applied for in the period from the first trading day of the third month prior to the delivery month to the last trading day of the month prior to the delivery month of the contract and the Exchange will not accept any applications for nearby delivery month hedging positions after the expiry of such period.

Article 16 Nearby delivery month hedging positions for fuel oil futures shall be applied for in the period from the first trading day of the fourth month prior to the delivery month to the last trading day of the second month prior to the delivery month of the contract and the

Exchange will not accept any applications for nearby delivery month hedging positions after the expiry of such period.

Article 17 The Exchange will determine the amounts of the nearby delivery month hedging positions based on the following attributes of an applicant who is either a member or a customer:

- amounts of the hedging positions applied for and whether the hedging positions are long or short positions;
- business profile of actuals;
- open interest held in the contract;
- stock of the deliverable commodities at the Exchange;
- whether a divergence of price exists between the futures market and the cash market

The amounts of the nearby delivery month hedging positions approved by the Exchange shall not exceed the amounts that are specified in the application documents.

The aggregate amounts of nearby delivery month hedging positions for all the contract month of a calendar year shall not exceed the amounts of the production capacity or the production plan of the year, or the business profile of the last calendar year.

Article 18 If a non-FF member's or a customer's application is not approved by the Exchange for the nearby delivery month hedging positions for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil, gold, silver, natural rubber and bitumen futures, the lower level of positions that is either the regular month hedging positions approved or the position limit of such futures product shall be applied when such regular month hedging positions enter into the month prior to the delivery month and the delivery month, and such regular month hedging positions will be converted into nearby delivery month hedging positions under such standard. In the nearby delivery month, those nearby delivery month hedging positions approved become applicable.

If a non-FF member's or a customer's application is not approved by the Exchange for the nearby delivery month hedging positions for fuel oil futures, the lower level of positions that is either the regular month hedging positions approved or the position limit of such futures product shall be applied when such regular month hedging positions enter into the second and the month prior to the delivery month, and such regular month hedging positions will be converted into nearby delivery month hedging positions under such standard. In the nearby delivery month, those nearby delivery month hedging positions approved become applicable.

Chapter 4 HEDGE TRADING

Article 19 The member or customer who is approved to hold hedging positions shall establish positions pursuant to whether the positions approved are long or short positions and the amounts of the positions before the closing of the market of the third trading day prior to the last trading day specified in the contract. It shall be deemed a waiver of the hedging positions if the positions are not established in the prescribed time limit above.

Article 20 As of the first trading day of the delivery month of each contract of copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil, gold, silver, natural rubber and bitumen futures, each member or customer shall not open new positions as hedging positions in that contract when the member or customer has already, in that delivery month, opened positions as hedging positions aggregately to the maximum of the hedging positions set forth by the Exchange for that member or customer.

Article 21 As of the first trading day of the month prior to the delivery month of fuel oil futures contract, each member or customer shall not open new positions as hedging positions in that contract when the member or customer has already, in that month prior to the delivery month, opened positions as hedging positions aggregately to the maximum of the hedging positions set forth by the Exchange for that member or customer..

Article 22 Measures of adjustment on the holding of hedging positions in multiples in the nearby delivery month can refer to those on the holding of speculative positions in multiples.

Article 23 In the delivery month, each member or customer, obtaining the nearby delivery month hedging positions, who is the seller of the hedging positions may apply the standard warrants as a warranty for the performance of the futures contract for a number of delivery months in accordance with the number of such standard warrants, and as a collateral for the trade margin deposited for the corresponding positions.

Chapter 5 REGULATION

Article 24 The Exchange shall, after receiving the application for the hedging positions, review the application within five (5) trading days and make a decision based on the following scenarios:
i) approve the application if the requirements for the hedging positions are satisfied;
ii) disapprove the application if the requirements for the hedging positions are not satisfied;
iii) request additional documents from the applicant if the documents for certification are not sufficient.

Article 25 The Exchange shall look into the particulars of the business and production conditions, credit profile and trading activities in the futures and actuals that are provided by the member or customer. The member and the customer shall cooperate with the Exchange in this regard.

The Exchange has the right to require the member or customer who has hedging positions approved to report about the trading matters in futures or actuals.

Article 26 The Exchange supervises the usage of the hedging positions obtained by the member or the customer.

Article 27 The member or customer, while holding the hedging positions, shall report to the Exchange in a timely manner when some substantial changes happen to the enterprise. The Exchange has the right to adjust the hedging positions of the member or customer based on the market conditions and business and operation conditions of a hedger (corporate).

Article 28 The member or customer shall apply to the Exchange in a timely manner for adjustment in hedging positions.

Article 29 The member or customer shall make adjustments on his own initiative before the ending of the first session of trading on the following trading day; The Exchange has the right to exercise forced position liquidation if the adjustments are not made in the prescribed time limit or the requirements are still not satisfied after the adjustments.

Article 30 If the member or customer frequently opens and closes out his positions within the limit amount of the hedging positions or use the hedging positions approved to or attempt to affect the market price, the Exchange has the right to:

- conduct an interview with him for warning;
- give a warning in writing;
- adjust or wipe out his hedging positions;
- limit the opening of new positions;
- close out positions for a limited period; or
- exercise forced position liquidation.

Article 31 In the event that the systematic risk of the market increases that may lead to the disruption of the market, the Exchange shall make reduction in the positions pursuant to the applicable rules of the Exchange. The Exchange shall reduce the speculative positions first and then reduce the hedging positions.

Article 32 The Exchange may, from time to time, request the member or customer for additional documents with regard to the hedging positions already approved based on the futures and cash market conditions and open interests held in the contracts.

Article 33 A member or customer that engages in fraud or other rule violations when applying for or conducting in hedge trading shall be subject to the sanctions provided in the Enforcement Rules of the Shanghai Futures Exchange, and the Exchange will not process his application for or adjustment in the hedging positions, or wipe out his hedging positions, and the existing hedging positions will be converted into speculative positions or the Exchange will impose forced position liquidation.

Article 34 The Exchange may make discounts on the trade margin or the transaction fee for the hedge trading.

Chapter 6 MISCELLANEOUS

Article 35 The Exchange reserves the right to interpret these Hedging Rules.

Article 36 These Hedging Rules are effective as of MMDDYY, and for the nickel and tin futures, the listing day.

Appendix-6

Spread Trading Rules

(AMENDMENT)

Chapter 1 GENERAL PROVISIONS

Article 1 These Spread Trading Rules are made, subject to the General Exchange Rules of the Shanghai Futures Exchange, to ensure the integrity of the spread trading activities on or through the Shanghai Futures Exchange, or the Exchange.

Article 2 Spread trading and speculative trading is recognized as non-hedge trading. The schedule of proportion and customers of position limit for each futures contract in different periods of time, as prescribed in the Risk Management Rules of the Shanghai Futures Exchange, is applicable to non-hedging positions. The non-hedging positions of each non-futures firm member, or non-FF member, or customer, will be expanded by the spread positions of the non-FF member or the customer.

Article 3 The spread trading as referred to in these Spread Trading Rules refers to the trading types of calendar spread and inter-commodity spread. The term "calendar spread" means spread trading among different contracts on the same product and the term "inter-commodity spread" means spread trading among contracts on different products.

The suites of inter-commodity spread will be announced by the Exchange, in due course.

Article 4 Spread positions include regular month spread positions (for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil, gold, silver, natural rubber and bitumen, regular month refers to the period from date of contract listing to the last trading day of the 2nd month prior to the delivery month, while for fuel oil, he refers to the period from date of contract listing to the last trading day of the 3rd month before the delivery month) and the nearby delivery month spread positions (for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil, gold, silver, natural rubber and bitumen, nearby delivery month refers to the 1st month before the delivery month and the delivery month, while for fuel oil, it refers to the 2nd month prior to the delivery month and the 1st month before the delivery month)

Article 5 Each member or customer who engages in spread trading shall comply with these Spread Trading Rules.

Chapter 2 APPLICATION AND APPROVAL FOR SPREAD POSITIONS

Article 6 Each customer in application for spread positions shall submit an application to any one of his carrying futures-firm members, or the FF members, where he owns an account with. That FF member shall review the application and make submission on the customer's behalf to the Exchange pursuant to these Spread Trading Rules. Each non-FF member will apply to the Exchange on his own account.

Article 7 Each non-FF member or customer shall submit the following documents in application for the regular month spread positions of each product:
i) Application and Approval Form for Regular Month Spread Positions of the Shanghai Futures Exchange;
ii) spread trading schedule (such as source of funds, size of position, calendar spread or inter-commodity spread); and
iii) other documents as required by the Exchange.

The regular month spread position, as approved by the Exchange, will remain valid for the product that the member or customer applies for.

Article 8 Each non-FF member or customer shall provide the following documents in application for the nearby delivery month spread positions of each contract:
i) Application and Approval Form for Nearby delivery month Spread Positions of the Shanghai Futures Exchange;
ii) spread trading schedule (such as source of funds, size of position, for calendar spread or inter-commodity spread, arrangements of position addition or reduction, will of delivery, etc.);
iii) a price divergence analysis of the contract that the member or

customer applies for; and
iv) other documents as required by the Exchange.

Article 9 The Exchange will determine the size of the regular month spread positions with regard to the applicant’s credit profile, trading history and his application of the spread positions. The size of regular month spread positions that are approved by the Exchange shall not exceed what each member or customer applies for.

Article 10 The Exchange will determine the size of the nearby delivery month spread positions with regard to the applicant’s credit profile, trading history, open interests, size of warranted stocks, and take into consideration of whether there is a price divergence of the contract that the member or customer applies for. The size of nearby delivery month spread positions that is approved by the Exchange shall not exceed what the member or customer applies for.

Article 11 The application for the nearby delivery month spread positions shall be submitted between the 1st trading day of the 2nd month prior to the delivery month of the contract (for fuel oil, he refers to the 1st trading day of the 3rd month prior to the delivery month) and the last trading day of the 1st month prior to the delivery month (for fuel oil, it refers to the 1st trading day of the 2nd month prior the delivery month). Otherwise, the Exchange will not accept the application.

Chapter 3 SPREAD TRADING

Article 12 Total non-hedging positions held by the same customer at different FF members shall not exceed the size as prescribed by the Risk Management Rules of the Shanghai Futures Exchange for the proportion of position limit for such futures contract in different periods of time in addition to the spread positions of the same periods of time, or the total size as prescribed by the Risk Management Rules of the Shanghai Futures Exchange for the size of position limit in addition to the spread positions of the same periods of time.

Chapter 4 REGULATION

Article 13 The Exchange shall complete the review of the application for spread positions within five (5) trading days upon receipt of such application.

Article 14 Each non-FF member or customer, when in need of spread position adjustment, shall submit an application to the Exchange for the spread position adjustment in due time.

Article 15 The Exchange regulates each non-FF member or customer for his use of the spread positions that the Exchange approves, and retains the right to reduce the spread positions of the non-FF member or customer.

Article 16 In the event that any change of material importance happens to any non-FF member or customer during the period he holds the spread positions, he shall, in due time, report to the Exchange, and the Exchange may, at its discretion, reduce the spread positions of the member or customer.

Article 17 In the event that the total non-hedging positions that any non-FF member or customer holds exceed the size as prescribed by the Risk Management Rules of the Shanghai Futures Exchange for the proportion of position limit for such futures contract in different periods of time in addition to the spread positions of the same periods of time, or the total size as prescribed by the Risk Management Rules of the Shanghai Futures Exchange for the size of position limit in addition to the spread positions of the same periods of time, he shall, prior to the closing of the 1st trading session on the next trading day, make adjustments on their own account. Any failure to make such adjustments by the prescribed time limit or below the size described above will be subjected by the Exchange to forced position liquidation.

Article 18 Any fraudulence, or any violation of laws, regulations or the Exchange’s rules by any non-FF member or customer, at the time of his applying for spread positions or trading, will result in the Exchange’s rejection of his such application as for spread positions, adjustment or cancellation of the spread positions that the Exchange has approved, or make the Exchange resort to actions such as restriction on his opening up new positions, close-out of positions by the prescribed time limit, forced position liquidation, as the Exchange deems necessary, pursuant to the provisions in the Enforcement Rules of the Shanghai Futures Exchange.

Article 19 Any improper use of the spread positions by any non-FF member or customer, to influence or attempt to influence market price, will subject the member or customer to compliance interviews, warnings, reduction or cancellation of the spread positions that the Exchange has approved, or make the Exchange resort to actions such as restriction on his opening up new positions, close-out of positions by the prescribed time limit, forced position liquidation as the Exchange deems necessary, pursuant to the provisions in the Enforcement Rules of the Shanghai Futures Exchange.

Article 20 The Exchange may set the fee schedule for assessment of margins and transaction fees on spread trading.

Chapter 5 MISCELLANEOUS

Article 21 The Exchange reserves the right to interpret these Spread Trading Rules.

Article 22 The provisions in the Risk Management Rules of the Shanghai Futures Exchange with regard to the non-hedging positions under circumstances of reduction of positions and adjustments in multiples of nearby delivery month positions shall be applicable to the speculative positions as prescribed by these Spread Trading Rules.

Article 23 These Spread Trading Rules are effective as of MMDDYY, and for the nickel and tin futures, the listing day.