

**FROM: Shanghai Futures Exchange**  
**TO: All Members**  
**SUBJECT: Notification on the Opening of Mock Trading of Nickel and Tin Futures**  
**FILING SERIAL: [2015] No. 19**

**March 13, 2015**

In order to ensure the successful listing of nickel and tin futures and intensify futures investor education, we will initiate the mock trading of nickel and tin futures. We expect our members and customers to develop a sound understanding of futures market and increase awareness of risk prevention with respect to nickel and tin futures through active participation in the mock trading. Details are as follows:

1. The mock trading of nickel and tin futures is beginning on March 17, 2015, with its trading hours from 9:00 - 11:30 a.m. and 1:30 - 3:00 p.m.
2. The benchmark price for mock trading of the listed nickel futures is set at RMB 105,000/ton and of the tin futures, at RMB 125,000/ton.
3. The margin requirement for mock trading of nickel futures contract is tentatively set at 7% of the contract value, and the price limit, tentatively at 5%. For tin futures, the tentative margin requirement is set at 5% of the contract value, and the tentative price limit, at 4%. On the opening day of mock trading, the price limit is two times the tentative price limit (i.e. for nickel futures, within 10% above or below the benchmark price, for tin futures, within 8% above or below the benchmark price).
4. The transaction fee for mock trading of nickel contract is tentatively set at RMB 6/lot, and for the tin contract, RMB 3/lot.
5. We have opened a website for mock trading, and enabled the account-opening function for customer to conduct mock trading.. Information on mock trading and the appendix to this notification are available for downloading at the website (China Telecom: <http://124.74.244.154>; China Unicom: <http://220.248.39.154>).
6. Customers participate in mock trading via the Internet. See the appendix for the mock trading rules and the website for the mock trading user manual.
7. For customers who need to open account for the mock trading on the Internet, once they have obtained the password and downloaded customer trading software, they can log on to the mock trading system for such trading. For details, see the website.
8. Our service hotline during the mock trading:  
Technical Operation & Maintenance Center: Liu Jun, at 021-68400386 or [liu.j@shfe.com.cn](mailto:liu.j@shfe.com.cn).  
Trading Department: Hu Yiyan, at 021-68400359 or [hu.yy@shfe.com.cn](mailto:hu.yy@shfe.com.cn).  
Non-ferrous Metals Department:  
Xing Yuandong, at 021-20616108 or [xing.yuandong@shfe.com.cn](mailto:xing.yuandong@shfe.com.cn).  
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Appendix: Detailed Rules for the Mock Trading of Nickel and Tin Futures

## **Appendix**

### **Detailed Rules for the Mock Trading of Nickel and Tin Futures**

#### **I. General Rules**

1. These rules are formulated by Non-ferrous Metals Department, Trading Department and Technical Operation & Maintenance Center to standardize the trading behavior during the mock trading of nickel and tin futures, ensure the smooth running of the mock trading, and provide investors with a platform for learning, exchange of views and competition on the basis of fairness and justice.
2. Guided under the general principle of “openness, fairness and justice”, the mock trading focuses on mock investment drills and market training. It does not involve any actual monetary transaction or investment and nothing it involves is related to the reality. All the participants are equal under these rules
3. These rules apply to the mock trading only and are binding on all the participants.

#### **II. Application and Account-opening**

1. Those who desire to participate in the mock trading (hereinafter referred to as “customer”) need to open account on the Internet. Once it is completed successfully they can get the mock account and the password.
2. Virtual account: the initial fund is RMB 10 million. The registered virtual account is used to record the information on customer’s fund balance, products, amount of open interests, amount of margin, and opening and closing-out of a position.
3. The mock trading system shall keep the customer updated about the fund balance, products, amount of open interests, amount of margin, and opening and closing-out of a position in the “trading account”.

#### **III. Trading Products and Contract Specifications**

1. Trading Products: the mock trading system provides the trading and settlement of nickel and tin futures.
2. Contract Specifications [the parameter of mock contract is no constraint on that of the products listed on the Exchange, and the contract delivery month is the months after July 2015(inclusive)].

(1) The Contract Specifications of Nickel and Tin Futures Contracts are shown as follows:

#### **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 15 <sup>th</sup> day of the delivery month (If it is a public holiday, the Last Trading Day shall be the 1 <sup>st</sup> business day after the holiday)
Delivery Period	5 consecutive business days after the last trading day
Grade and Quality Specifications	<p>Standard products: nickel cathode as prescribed in the National Standard of GB/T 6516-2010 Ni9996, with the total content of nickel and cobalt <math>\geq</math> 99.96%.</p> <p>Substitutions: nickel cathode as prescribed in the National Standard of GB/T 6516-2010 Ni9996, with the total content of nickel and cobalt <math>\geq</math> 99.99%, or as prescribed in ASTM B39-79(2013), with the content of nickel <math>\geq</math> 99.8%.</p>
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

### 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 15 <sup>th</sup> day of the delivery month (If it is a public holiday, the Last Trading Day shall be the 1 <sup>st</sup> 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

(2) Adjust the trade margin throughout the life of the mock nickel and tin futures contracts (approach the delivery period):

**]Margins required throughout the life of the nickel and tin futures contracts**

Timing	Margin Rate
As from the date of listing	5%
As from the first trading day of the first month prior to the Delivery Month	10%
As from the first trading day of the Delivery Month	15%
As from the second trading day prior to the last trading day	20%

(3) Trade margin for the nickel and tin futures contracts based on the amount of open interests:

**Margins required for the nickel futures contracts based on the amount of open interests**

As of the first trading day of the third month prior to the delivery month, when the open interest (X) amounts to	Margin rate (Nickel)
$X \leq 240,000$	5%
$240,000 < X \leq 360,000$	8%
$X > 360,000$	10%

Note : X refers to the gross open interest in lots of all the longs and shorts of a futures contract.

**Margins required for the tin futures contracts based on the amount of open interests**

As of the first trading day of the third month prior to the delivery month, when the open interest (X) amounts to	Margin rate (Tin)
$X \leq 60,000$	5%
$60,000 < X \leq 90,000$	8%
$X > 90,000$	10%

Note : X refers to the gross open interest in lots of all the longs and shorts of a futures contract.

(4) Percentage-based and fixed-amount Position Limits in effect throughout the life of mock nickel and tin futures contracts of Futures-firm Members (FFMs), Non-futures-firm Members (Non-FFMs) and customers that participate in mock trading:

**Percentage-based and fixed-amount Position Limits in effect throughout the life of mock nickel and tin futures contracts**

	From the date of listing to the Delivery Month		From the date of listing to the last trading day of the second month prior to the Delivery Month		First month prior to the Delivery Month		Delivery Month	
	Open interest in one futures contract (lots)	Position limit ratio (%)	Position limits (in lots)		Position limits (in lots)		Position limits (in lots)	
		FFM	Non-FFM	Customer	Non-FFM	Customer	Non-FFM	Customer
Nickel	≥240,000	25	9000	9000	3000	3000	600	600
Tin	≥60,000	25	2000	2000	600	600	200	200

Note: The “open interest in one futures contract” in the table shall be calculated on a two-sided basis, and the position limits on FFMs, Non-FFMs and customers on a one-sided basis; and the position limits on FFMs shall be the Baseline Position Limit.

- (5) The margin requirements for mock trading of nickel futures contract is tentatively set at 7% of the contract value, and the price limit tentatively at 5%, and that of tin contract: 5% of the contract value with the price limit at 4%. On the opening day of mock trading, the price limit is two times the tentative price limit (for nickel contracts, within 10% above or below the benchmark price, and for tin contracts, within 8% above or below the benchmark price).
- Cash settlement is adopted for mock contract using the settlement price on the last trading day of the contract as the benchmark price of delivery settlement. Delivery process is not mimicked in the mock trading.
  - The initial fund in the account of each customer participating in mock trading is RMB 10 million, and no augmentation is allowed during the mock trading. Opening a new position is not allowed when the fund balance in the account is lower than zero.
  - For other trading, settlement and risk control regulations with respect to mock trading, see the Notification on Seeking Advice on the Nickel and Tin Futures Contract and Relevant Rules of the Shanghai Futures Exchange.