**BLEACHED SOFTWOOD KRAFT PULP FUTURES RULES OF THE SHANGHAI FUTURES EXCHANGE**

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** These *Bleached Softwood Kraft Pulp (“BSKP”) Futures Rules* are made in accordance with the *General Exchange Rules of the Shanghai Futures Exchange*, the *SHFE Bleached Softwood Kraft Pulp Futures Contract Specifications*, and the relevant business rulesto regulate business related to BSKP futures at the Shanghai Futures Exchange (the “Exchange”).

**Article 2** These *BSKP Futures Rules* shall be observed by the Exchange, Members, Clients, Delivery Storage Facilities, Designated Inspection Agencies, Futures Margin Depository Institutions, and other participants of the futures market.

**CHAPTER 2 TRADING**

**Article 3** Contract size for BSKP futures is ten (10) metric tons per lot.

**Article 4** Price quotation of a BSKP futures contract is Yuan (RMB)/metric ton.

**Article 5** Minimum price fluctuation of a BSKP futures contract is two (2) Yuan/metric ton.

**Article 6** Listed contracts of BSKP futures cover twelve (12) months from January to December.

**Article 7** Trading hours of a BSKP futures contract are 9:00 a.m. to 11:30 a.m., 1:30 p.m. to 3:00 p.m., and other hours specified by the Exchange.

**Article 8** The last trading day of a BSKP futures contract is the 15th day of the contract month. The last trading day will be postponed accordingly if it is a legal holiday in China, and will be subject to separate adjustment and announcement by the Exchange if it falls in the Spring Festival month or any other month specially designated by the Exchange.

**Article 9** Contract symbol of BSKP futures is SP.

**Article 10** For the hedging and arbitrage quotas of a BSKP futures contract, regular months extend from the day of listing to the last trading day of the second month before the delivery month, while nearby delivery months cover the month before the delivery month and the delivery month per se.

**Article 11** An application for a regular month hedging quota of a BSKP futures contract shall be submitted by the last trading day of the second month before the delivery month of the contract. Late applications will not be accepted by the Exchange.

An application for a nearby delivery month hedging quota of a BSKP futures contract shall be submitted between the first trading day of the third month before the delivery month of the contract and the last trading day of the month before the delivery month. Late applications will not be accepted by the Exchange. An application for a nearby delivery month arbitrage quota of a BSKP futures contract shall be submitted between the first trading day of the second month before the delivery month of the contract and the last trading day of the month before the delivery month. Late applications will not be accepted by the Exchange.

**Article 12** Hedging quota of a BSKP futures contract shall no longer be used in a revolving manner starting from the first trading day of the delivery month.

**CHAPTER 3 DELIVERY**

**SECTION 1 GENERAL PROVISIONS**

**Article 13** A BSKP futures contract may be physically delivered through an Exchange of Futures for Physicals (“EFP”), a delivery warehouse, or a delivery factory.

BSKP futures adopt duty-paid delivery.

**Article 14** The grade and quality specifications are provided in the *SHFE Bleached Softwood Kraft Pulp Futures Contract Specifications of the Exchange*.

**Article 15** The deliverable BSKP shall be genuine pulp of a designated brand from a manufacturer recognized by the Exchange. The certified brands and manufacturers will be separately announced by the Exchange.

**Article 16** Packaging

(i) BSKP underlying each standard warrant shall consist of genuine pulp of the same manufacturer and brand.

(ii) Deliverable BSKP shall meet the packaging requirements for commodities of certified brands from a manufacturer recognized by the Exchange. The outer packaging of each pack shall have a clearly recognizable label indicating the product name and other identifying information.

**Article 17** Required documentation for deliverable commodity

(i) Domestic commodity: the certificate of inspection issued by a Designated Inspection Agency, the certificate of quality issued by the manufacturer, and other relevant materials. These documents are deemed valid only after being verified by the Exchange.

(ii) Imported commodity: the certificate of inspection issued by a Designated Inspection Agency; the customs declaration form, certificate of VAT withholding by the customs, certificate of origin, and certificate of quality of the physical commodity in question; and other relevant materials. These documents are deemed valid only after being verified by the Exchange.

If there has been any change to national policies on taxation, commodity inspection, or other relevant matters, the revised policies shall prevail. In such circumstance, the Exchange will separately announce the revised requirements for the documentation for imported products.

**Article 18** Tolerance and pound difference

BSKP shall be measured by air dry weights at delivery. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus five percent (±5%). Pound difference shall not exceed plus or minus one percent (±1%).

**Article 19** Delivery unit for a BSKP futures contract is twenty (20) air dry metric tons per standard warrant.

**Article 20** Delivery period of a BSKP futures contract is the two (2) consecutive business days immediately following the last trading day of the contract.

**Article 21** The benchmark price for delivery settlement of a BSKP futures contract is the arithmetic average price of the settlement prices of that contract over the last five (5) trading days on which it was traded.

**Article 22** Delivery venue: the delivery warehouses and delivery factories of the Exchange, to be separately announced by the Exchange.

**Article 23** If standard warrants are used for an EFP and the EFP is settled via the Exchange, and a dispute over the quality of the deliverable commodities arises, the buyer shall submit a request for dispute resolution within twenty-five (25) days after the payment and the exchange of standard warrants, together with the quality assay report issued by a Designated Inspection Agency.

**SECTION 2 WAREHOUSE DELIVERY**

**Article 24** The BSKP arriving at a delivery warehouse shall have complete and clean packaging. The delivery warehouse shall check the whole shipment at acceptance. Any commodity that is not fit for purpose due to nuisance such as obvious moisture, mildew, contamination, or severe damage shall be rejected and not enter the delivery process.

If the commodities arrive at the delivery warehouse with broken iron packaging wires or loose packs, the commodities shall be repackaged and securely tightened with specified iron wires before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

**Article 25** Deliverable BSKP underlying each standard warrant shall be stacked in storage areas which hold five hundred (500) metric tons each.

**Article 26** Load-in and load-out inspection

(i) BSKP arriving at a delivery warehouse shall be inspected by a Designated Inspection Agency in terms of quality and weight. The quality shall be that shown on the quality assay report issued by the Designated Inspection Agency; and a standard warrant may only be issued if the report indicates that the commodity meets the quality specifications prescribed by the Exchange. The weight shall be that shown on the weight inspection report issued by the Designated Inspection Agency. The owner shall ensure that the commodity loaded in meets the quality specifications prescribed by the Exchange.

(ii) The commodities shall be inspected using a sample test. Samples shall be taken only on the premise of the delivery warehouse and shall not be taken at stations or docks during the process of transportation to the warehouse. The commodity covered by each bill of lading shall form one inspection lot. Each inspection lot shall consist of BSKP of the same certified brand and packaging specifications.

**Article 27** Validity period of standard warrant

(i) Domestic BSKP may be delivered up to the last delivery month of the second year after the year of its production. Beyond that, the BSKP shall be unwarranted and converted to physicals.

(ii) Imported BSKP intended for physical delivery shall be loaded into a delivery warehouse within six (6) months from the date it arrives at the port, and may be delivered up to the last delivery month of the second year after such date. Beyond that, the BSKP shall be unwarranted and converted to physicals.

**Article 28** After the physical delivery is completed, if the buyer has any dispute over the quality or quantity of the commodity (any BSKP in dispute shall remain in the delivery warehouse), the buyer shall submit a written request to the Exchange for dispute resolution before the 15th day (including that day) of the month following the delivery month (in case that day falls on a public holiday, the date shall be extended to the first business day after the holiday), together with the quality assay report issued by a Designated Inspection Agency. If no submission is received within the prescribed time, the buyer shall be deemed to have no disputes over the commodity, and the Exchange will no longer accept its relevant request for dispute resolution.

**SECTION 3 FACTORY DELIVERY**

**Article 29** Application

Before issuing any factory standard warrants, a Factory shall submit an issuance notice to the Exchange, specifying such information as the product, name of the carrying Member, name of the owner, and the quantity of standard warrants to be issued.

**Article 30** The validity period for the delivery of a factory standard warrant shall be one (1) year and six (6) months from the date of issuance.

**Article 31** Application for taking delivery

(i) An owner who intends to take delivery shall submit an application through the Standard Warrant Management System to the intended Factory at least fifteen (15) business days before the proposed take-delivery date. The application shall specify such information as the quantity of the commodity, the proposed take-delivery date, location, method, and plan (including daily quantity), as well as the identification and contact information of the delivery taker.

(ii) The Factory will confirm the owner’s application within three (3) business days of receiving it after considering, among others, the owner’s proposed take-delivery date and take-delivery location.

If the owner’s proposed take-delivery date coincides with that of other owners holding factory standard warrants and their total daily take-delivery quantity exceeds the daily shipment quantity of the Factory, then the Factory may make an overall arrangement for shipment considering the order of their submission of applications and their take-delivery plans. The Factory shall also provide the owner with a take-delivery time period to choose from and a corresponding shipment plan (including daily shipment quantity) within three (3) business days after the owner’s submission of application. If agreeing to the arrangement, the owner may choose one day from the said period as the take-delivery date and confirm the shipment plan. If not, the owner may renegotiate with the Factory until they agree on a take-delivery date and a shipment plan. If the negotiation fails, the Factory shall ship the commodity based on the order of take-delivery dates; if the take-delivery dates fall into the same day, the Factory shall ship the commodity based on the order of the submission of applications.

(iii) The Factory shall be exempt from any financial liability for any owner’s delay in taking delivery due to the coincidence described in sub-paragraph (ii), provided that the Factory shall timely report such delay and its causes to the Exchange for written record.

**Article 32** Arrival date of load-out commodity

If the load-out commodity is imported BSKP, its arrival date shall be within six (6) months before the take-delivery date confirmed by an owner and a Factory.

**Article 33** Settlement for tolerance

The weight of load-out commodity shall be that shown on the weight inspection report issued by the Designated Inspection Agency.

**Article 34** An owner shall take delivery at the Factory on the agreed take-delivery date according to the shipment plan. If the owner misses the agreed take-delivery date but takes delivery within twenty-five (25) days (including the 25th day) thereafter or if the owner fails to take delivery according to the agreed daily take-delivery plan due to any reasons not attributable to the Factory, then the Factory shall remain responsible for the quality of the commodity according to the quality standards set out in the BSKP futures contract, and shall make an overall shipment plan based on the take-delivery quantities of all owners until all corresponding commodities are shipped. The owner shall pay the overdue fee to the Factory.

Overdue fee = 2 yuan/metric ton per day × quantity of commodity that should have been taken × number of days overdue

Any shipment delay caused by the owner shall be resolved as agreed between the parties if they reach a separate agreement.

**Article 35** If an owner fails to take delivery at the Factory within twenty-five (25) days (including the 25th day) after the agreed take-delivery date, which leads to the cancellation of its factory standard warrants, then the underlying commodities will be converted into physical products, and the owner shall pay an overdue fee to the Factory and negotiate details for taking delivery with the Factory.

Overdue fee = 35 yuan/metric ton × quantity of commodity that should have been taken

**Article 36** If an owner takes delivery on the agreed take-delivery date at the Factory, but the Factory fails to ship the commodity according to the agreed shipment plan but still completes the shipment within twenty-five (25) days (including the 25th day) after the agreed take-delivery date, then the Factory shall pay compensation to the owner.

Compensation = 50 yuan/metric ton × quantity of commodity that should have been shipped according to the daily shipment plan

**Article 37** If the Factory fails to complete the shipment within twenty-five (25) days (including the 25th day) after the agreed take-delivery date, the owner may choose either of the followings:

(i) On the 25th day after the agreed take-delivery date, the owner may notify the Factory that it will cease accepting any commodity that should have been shipped from the 26th day after the agreed take-delivery date, and the Factory shall refund the corresponding commodity payment and pay additional compensation to the owner.

Refunded commodity payment and additional compensation = compensation settlement price × quantity of commodity that should have been shipped × 120%

The compensation settlement price is the settlement price of the corresponding nearest month futures contract of the Exchange on the trading day preceding the 26th day after the agreed take-delivery date.

(ii) If on the 25th day after the agreed take-delivery date, the owner fails to notify the Factory that it will cease accepting any commodity that should have been shipped, the parties shall negotiate the details on taking delivery of such commodity.

**Article 38** If a Factory commits any default described in Article 36 or 37, it shall first pay compensation or refund corresponding commodity payment together with additional compensation directly to the owner. If the Factory fails to make the payment in full or in part, the Exchange shall pay the deficient amount to the owner:

(i) with the guarantees provided by the Factory; or

(ii) with the Exchange’s funds and recourse to the Factory by such means as legal proceedings.

**Article 39** If an owner commits any default described in Article 34 or 35, it shall first pay overdue fee directly to the Factory. If the owner fails to make the payment in full or in part, the Factory may recourse to the owner by such means as legal proceedings.

**Article 40** If any losses are incurred to either a Factory or an owner due to any event described in Article 34, 35, 36, or 37, and both parties agree to reach a separate agreement, such agreement shall prevail. The agreement shall be filed with the Exchange for record.

**Article 41** Quality dispute resolution

A delivery taker who disputes the quality of any delivered commodity, which shall be at the take-delivery location of the Factory, shall submit to the Exchange a written objection, accompanied by the quality inspection results issued by a Designated Inspection Agency, within twenty (20) business days following the cancellation of corresponding warrants; failing which, the delivery taker shall be deemed to have no objection over the delivered commodity and the Exchange will no longer handle any objection regarding any commodity thus delivered.

**CHAPTER 4 RISK MANAGEMENT**

**Article 42** The minimum trading margin for a BSKP futures contract is 4%.

**Article 43** The stage-based trading margin rates for BSKP futures are as follows:

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

**Article 44** The range of price limit for a BSKP futures contract is within ±3% of its settlement price of the preceding trading day.

**Article 45** Percentage-based Position Limit and fixed-amount Position Limit for each BSKP futures contract at different stages of trading for an FF Member, a non-FF Member and a Client are as follows (in lots):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 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 | | The first month prior to the delivery month | | The delivery month | |
| Total open  interest | Percentage-based position limit (%) | Fixed-amount position limit (in lots) | | Fixed-amount position limit (in lots) | | Fixed-amount position limit (in lots) | |
| FF Member | Non-FF Member | Client | Non-FF Member | Client | Non-FF Member | Client |
| BSKP | ≥250,000 | 25 | 4,500 | 4,500 | 900 | 900 | 300 | 300 |

Note: total open interest and the fixed-amount position limit are based on long or short positions; Percentage-based position limit for the FF Member is the baseline limit.

**Article 46** For contracts in BSKP futures, by the close of the last trading day of the month prior to the delivery month, each Member or each Client shall adjust their speculative positions held through the Member, to multiples of two (2) 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 two (2) lots.

**Article 47** If the Exchange makes a forced position reduction to a BSKP futures contract, the amount of the unfilled orders subject to the order fill, positions eligible to fill the unfilled orders, and the principles and methods for the order fill of unfilled orders shall be determined as follows:

(i) 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 into the central order book after the close of the base date at the limit price by each Client who has incurred losses on net positions in the contract of an average level of no less than eight percent (8%) for BSKP futures contracts, of the settlement price of the base date.

(ii) Positions eligible to fill the unfilled orders. The positions eligible to fill the unfilled orders include the net positions, on which the Client, as calculated using the above formula stipulated in the Risk Management Rules of the Shanghai Futures Exchange, records average gains for speculative purposes or for hedging purposes at no less than eight percent (8%).

(iii) Principles for the order fill of unfilled orders. The order fill of unfilled orders shall take place in the order of the following four levels with regard to the amount of gains and whether such positions are speculative or hedging:

Level 1: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of any Client with average gains on net positions of no less than eight percent (8%) of the settlement price on the base date for the contracts in BSKP futures, or the Speculative Position Gains of Over 8%;

Level 2: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of any Client with average gains on net positions of no less than four percent (4%) but no more than eight percent (8%) of the settlement price on the base date for contracts with respect to BSKP futures, or the Speculative Position Gains of Over 4%;

Level 3: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of a Client with average gains on net positions of no more than four percent (4%) of the settlement price on the base date for contracts in BSKP futures, or the Speculative Position Gains Below 4%; and

Level 4: Unfilled orders shall be filled with the hedging positions eligible to fill the unfilled orders of a Client with average gains on net positions of no less than eight percent (8%) of the settlement price on the base date for contracts in BSKP futures, or the Hedging Position Gains of Over 8%.

(iv) Methods for the order fill of unfilled orders. 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 of 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.

**CHAPTER 5 MISCELLANEOUS**

**Article 48** Matters not covered herein shall be governed by the applicable business rules of the Exchange.

**Article 49** Any violations of these *BSKP Futures Rules* will be handled by the Exchange in accordance with the *Enforcement Rules of the Shanghai Futures Exchange*.

**Article 50** The Exchange reserves the right to interpret these *BSKP Futures Rules*.

**Article 51** These *BSKP Futures Rules* take effect on July 16, 2025.