**Appendix 3**

**CAST ALUMINUM ALLOY FUTURES RULES OF THE SHANGHAI FUTURES EXCHANGE**

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** These *Cast Aluminum Alloy Futures Rules* are made in accordance with the *General Exchange Rules of the Shanghai Futures Exchange*, the *SHFE Cast Aluminum Alloy Futures Contract Specifications*, and the relevant business rulesto regulate business related to cast aluminum alloy futures at the Shanghai Futures Exchange (the “Exchange”).

**Article 2** These *Cast Aluminum Alloy 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 cast aluminum alloy futures is ten (10) metric tons per lot.

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

**Article 5** Minimum price fluctuation of a cast aluminum alloy futures contract is five (5) Yuan/metric ton.

**Article 6** Listed contracts of cast aluminum alloy futures cover the most recent twelve (12) months.

**Article 7** Trading hours of a cast aluminum alloy 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 cast aluminum alloy 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 cast aluminum alloy futures is AD.

**Article 10** For the hedging and arbitrage quotas of a cast aluminum alloy 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.

**Article 11** An application for a regular month hedging quota of a cast aluminum alloy 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 cast aluminum alloy 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 cast aluminum alloy 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 cast aluminum alloy 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 cast aluminum alloy futures contract may be physically delivered through an Exchange of Futures for Physicals (“EFP”) or a delivery warehouse.

Cast Aluminum Alloy futures adopt duty-paid delivery.

**Article 14** Delivery grade and quality specifications are provided in the *SHFE Cast Aluminum Alloy Futures Contract Specifications*.

**Article 15** Deliverable commodity

The deliverable cast aluminum alloy shall be of a registered trademark from a manufacturer registered with the Exchange.

The inspection of deliverable cast aluminum alloy shall be conducted in accordance with the requirements of the *Rules on Management of Non-Ferrous Metal Products for Futures Delivery of the Shanghai Futures Exchange*.

Each warehouse standard warrant of cast aluminum alloy shall be valid for three hundred and sixty (360) days from the earliest production date of the underlying commodities, and be created only if all underlying commodities are delivered to the warehouse within one hundred and eighty (180) days following their earliest production date.

**Article 16** Specifications and packaging for deliverable commodity

(i) Cast aluminum alloy underlying each standard warrant shall consist of commodity of the same manufacturer, grade (designation), registered trademark, shape, and packaged quantity (secured into bundles of similar weight), and have their dates of production spanning no more than sixty (60) consecutive days. The earliest of such dates shall be taken as the date of production on the standard warrant. The registered manufacturer may decide the weight of each bundle at its sole discretion, provided that the bundles can readily yield the delivery unit. Cast aluminum alloy shall be tightened into bundles with polyester straps in a dual-line grid (#) pattern, and specific requirements will be separately announced by the Exchange. The strapping shall be reliable and each bundle shall be marked by a prominent and secure product label, specifying grade (designation), registered trademark, manufacturer, weight, batch number (smelting number), and date of production. Each bundle shall weigh between seven hundred (700) and one thousand (1,000) kilograms.

(ii) If the commodities arrive at the warehouse with broken polyester straps or loose ingots, the commodities shall be repackaged and securely tightened with specified straps before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

(iii) Each cast aluminum alloy ingot shall weigh six (6) kilograms plus or minus one (±1) kilogram.

(iv) Arriving commodities shall be covered with plastic film, and the delivery warehouse shall perform a visual inspection. The surfaces of the ingots shall be clean and free of mold spots and foreign inclusions. A minor amount of slag, trimming marks, and small cracks due to casting shrinkage are permissible. Any commodity that is not fit for purpose due to nuisance such as obvious rain stains and contamination shall not enter the delivery process.

**Article 17** Required documentation for deliverable commodity

(i) Domestic commodity: the certificate of quality issued by the registered manufacturer.

(ii) Imported commodity: the certificate of quality, certificate of origin, certificate of inspection issued by a Designated Inspection Agency of the Exchange (excluding the amount of slag), declaration of imported goods, and certificate of VAT withholding by the customs. These documents are deemed valid only upon 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. Under such circumstance, the Exchange will separately announce the revised requirements for the documentation of relevant imported products.

**Article 18** Tolerance and pound difference: cast aluminum alloy shall be measured by net weight at delivery. The underlying cast aluminum alloy ingots for each standard warrant weigh thirty (30) metric tons. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus three percent (±3%). Pound difference shall not exceed plus or minus one-tenth of one percent (±0.1%).

**Article 19** Cast aluminum alloy futures contracts have a delivery unit of thirty (30) metric tons.

**Article 20** Delivery period of a cast aluminum alloy 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 cast aluminum alloy futures contract is its settlement price on the last trading day.

**Article 22** Delivery venue: the delivery warehouses of the Exchange, to be separately announced by the Exchange. The cast aluminum alloy ingots intended for delivery must be stored indoors.

**Article 23** After the physical delivery is completed, if the buyer has any dispute over the quality or quantity of the commodity (any cast aluminum alloy 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 inspection report issued by a Designated Inspection Agency. The validity period for each batch of the delivered cast aluminum alloy shall cover the last delivery day of that delivery. Even if the validity period expires before the final date for the submission of a request for dispute resolution, the seller shall be responsible for the delivered commodities in the event that they fail the quality inspection.

**Article 24** If standard warrants are used for the EFPs of a cast aluminum alloy futures contract and the EFPs are settled via the Exchange, and if a dispute over the quality of the 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 inspection report issued by a Designated Inspection Agency.

**SECTION II INVOICING PROCEDURES**

**Article 25** Special value-added tax (“VAT”) invoices for cast aluminum alloy shall be issued by sellers to buyers, who are Non-FF Members. A special VAT invoice and the specific information required for its issuance shall be verified, transmitted, and confirmed by the carrying Members of the buyer and the seller. The carrying Members shall be responsible for mediating and resolving any related disputes.

**Article 26** By the end of the second delivery day, the buyer’s carrying Member shall provide the seller’s carrying Member with the specific information required for issuing the special VAT invoice. The seller’s carrying Member shall deliver the special VAT invoice to the buyer’s carrying Member no later than the seventh business day following the last trading day.

**Article 27** If the seller’s carrying Member fails to deliver the special VAT invoice by 2:00 p.m. on the second delivery day, the Exchange will charge a margin of no less than 15% of the final settlement price of the corresponding contract on the corresponding positions. This margin will be released once the seller issues the special VAT invoice to the buyer and their carrying members apply for and confirm the release.

If the seller’s carrying Member is late in delivering the special VAT invoice for three (3) to ten (10) days, an overdue fine of 0.5‰ of the delivery payment will be imposed for each day of delay; if late for eleven (11) to thirty (30) days, the overdue fine will increase to 1‰ per day; if late for more than thirty (30) days, the Member shall be deemed to have failed to deliver the special VAT invoice, and the resulting liquidated damages will be calculated based on the VAT amount provided by national tax policies. Upon confirmation and application from both the buyer and the seller, the Exchange will collect the liquidated damages and overdue fine from the seller’s carrying Member and transfer them to the buyer’s carrying Member. If the buyer and seller have other agreements, these agreements will prevail.

The seller’s carrying Member is responsible for collecting the margin from the seller. The carrying Member and the seller shall make proper arrangements regarding the collection and payment of the margin, overdue fine, and liquidated damages. If the carrying Member pays overdue fine and liquidated damages in advance, it is entitled to seek reimbursement from the seller.

**Article 28** The buyer’s carrying Member shall verify the special VAT invoice on the business day following its receipt and shall inform the seller’s carrying Member of the verification result.

If the invoice is invalidated due to erroneous information provided by the buyer’s carrying Member or the buyer, they shall be held liable. If the buyer’s carrying Member delays in providing the required information, the time for the seller’s carrying Member to issue the invoice may be extended accordingly.

**Article 29** If standard warrants are used for the EFPs of a cast aluminum alloy futures contract and the EFPs are settled via the Exchange, the seller (a Non-FF Member) shall issue a special VAT invoice to the buyer (a Non-FF Member). By the end of the business day following completing the EFPs procedures, the buyer’s carrying Member shall provide the seller’s carrying Member with the specific information required for issuing the special VAT invoice. The seller’s carrying Member shall deliver the special VAT invoice to the buyer’s carrying Member no later than the seventh business day following completing the EFPs procedures.

If the seller’s carrying Member fails to deliver the special VAT invoice by 2:00 p.m. on the business day following completing the EFPs procedures, the Exchange will charge a margin of no less than 15% of the final settlement price of the corresponding contract on the corresponding positions. This margin will be released once the seller issues the special VAT invoice to the buyer and their carrying members apply for and confirm the release.

Any dispute mediation, overdue fine, liquidated damages, and other invoicing-related matters not covered shall be governed, *mutatis mutandis*, by the relevant provisions in Articles 25 to 28 of these *Cast Aluminum Alloy Futures Rules*.

**CHAPTER 4 RISK MANAGEMENT**

**Article 30** The minimum trading margin for a cast aluminum alloy futures contract is 5%.

**Article 31** The stage-based trading margin rates for cast aluminum alloy futures are as follows:

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

**Article 32** The range of price limit for a cast aluminum alloy futures contract is within ±3% of its settlement price of the preceding trading day.

**Article33** Percentage-based position and fixed-amount Position Limit for each cast aluminum alloy 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** | | | **First month prior to the delivery month** | | **Delivery month** | |
| Total open interest | Percentage-based Position Limit (in %) | Total open  interest | Percentage-based Position Limit (in %) and 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 |
| cast aluminum alloy | ≥9,000 | 25 | ≥9,000 | 10 | 10 | 300 | 300 | 90 | 90 |
| ＜9,000 | 900 | 900 |

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 34** For contracts in cast aluminum alloy 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 three (3) 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 three (3) lots.

**Article 35** If the Exchange makes a forced position reduction to a cast aluminum alloy 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 after the close of the base date at the limit price into the central order book by each Client who has incurred losses on net positions in the contract of an average level of no less than six percent (6%) for cast aluminum alloy 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 theClient, as calculated using the above formula stipulated in the Risk Management Rules of the Shanghai Futures Exchange, records average gains forspeculative purposes or for hedging purposes at no less than six percent (6%).

(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 six percent (6%) of the settlement price on the base date for the contracts in cast aluminum alloy futures, or the Speculative Position Gains of Over 6%;

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 three percent (3%) but no more than six percent (6%) of the settlement price on the base date for contracts with respect to cast aluminum alloy futures, or the Speculative Position Gains of Over 3%;

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 three percent (3%) of the settlement price on the base date for contracts in cast aluminum alloy futures, or the Speculative Position Gains Below 3%; 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 six percent (6%) of the settlement price on the base date for contracts in cast aluminum alloy futures, or the Hedging Position Gains of Over 6%.

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

**CHAPTER 5 MISCELLANEOUS**

**Article 36** Matters not covered herein shall be governed by the applicable business rules of the Exchange.

**Article 37** Any violations of these *Cast Aluminum Alloy Futures Rules* will be handled by the Exchange in accordance with the *Enforcement Rules of the Shanghai Futures Exchange*.

**Article 38** The Exchange reserves the right to interpret these *Cast Aluminum Alloy Futures Rules*.

**Article 39** These *Cast Aluminum Alloy Futures Rules* take effect on June 10, 2025.