

# Delivery Rules of Shanghai Futures Exchange

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These *Delivery Rules* are made in accordance with *the General Exchange Rules of the Shanghai Futures Exchange* (the “Exchange”) to regulate the physical delivery operation of futures contracts traded on the Shanghai Futures Exchange (the “Exchange”).

**Article 2** These *Delivery Rules* apply to the Exchange, its members, clients, and Designated Delivery Warehouses.

## CHAPTER 2 PROCEDURES OF DELIVERY

**Article 3** Physical delivery refers to the settlement of open positions in a matured futures contract by the buyer and the seller by transferring the ownership of the underlying commodity of the contract.

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

A client unable to provide or accept the value-added tax (“VAT”) special invoice shall not be permitted to make or take delivery.

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

**Article 5** Physical delivery shall be completed within the delivery period provided in the futures contract. The delivery period refers to the three (3) consecutive business days immediately following the last trading day of the contract. These three (3) delivery days are referred to as the first, second, and third delivery day respectively. The third delivery day is the last delivery day.

**Article 6** Delivery Procedures:

(i) The first delivery day

1. Buyers submit *Notice of Intention*. Buyers submit a *Notice of Intention* to

accept the commodities to the Exchange, specifying information such as the products, designation, quantity, and the names of the Designated Delivery Warehouses.

2. Sellers submit standard warrants. Sellers submit the valid standard warrants for which storage fees have been paid in full to the Exchange via the standard warrant management system.

(ii) The second delivery day

The Exchange allocates available standard warrants to buyers in accordance with the principles of “time priority, rounding quantity to the nearest whole number, nearest matching, and overall arrangement.”

The Exchange allocates the standard warrants that cannot be used for the physical delivery of the futures contract in the next month to the buyers according to the proportion of each buyer’s delivery volume to the total delivery volume of the month.

(iii) The third delivery day

1. Buyers pay and obtain the warrants. Buyers shall make the payment to the Exchange before 14:00 and obtain the standard warrants.

2. Sellers receive the payment. The Exchange shall transfer the payment to the sellers before 16:00. This time limit may be extended by the Exchange under special circumstances.

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

(i) the seller shall authorize the carrying futures firm member to submit the standard warrant for physical delivery;

(ii) the futures firm member shall submit the standard warrant to the Exchange;

(iii) the Exchange shall allocate the standard warrant to the carrying member of the buyer;  
and

(iv) the futures firm member of the buyer shall allocate the standard warrant to the buyer.

**Article 8** After the physical delivery is completed, if the buyer has any dispute over the quality or quantity of the commodity (any natural rubber, silver, or bleached softwood kraft pulp (“BSKP”) in dispute shall remain in the designated 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 (see Appendix 1; a list of Designated Inspection Agencies for lead, nickel, tin, silver, and BSKP will be separately announced by

the Exchange). If no submission is received within the prescribed time, the buyer will lose the right to have the dispute heard. Disputes involving the quality or quantity of steel rebar, wire rod, hot-rolled coil, and stainless steel shall be handled as follows:

After the physical delivery of steel rebar, wire rod, hot-rolled coil, and stainless steel is completed, if the buyer has any dispute over the quality or quantity of the commodity (any steel rebar, wire rod, and hot-rolled coil in dispute shall remain in the designated delivery warehouse), the buyer shall submit a written request to the Exchange for dispute resolution before the fifteenth 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 (a list of Designated Inspection Agencies for steel rebar, wire rod, hot-rolled coil, and stainless steel will be announced by the Exchange). The validity period for each batch of the delivered steel rebar, wire rod, hot-rolled coil, and stainless steel 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 assay.

**Article 9** If a buyer intends to use the commodity received from physical delivery for any future delivery, he shall go through the relevant procedures all over again.

### **CHAPTER 3 LOAD-IN AND LOAD-OUT**

**Article 10** An owner that intends to store any commodity in a designated delivery warehouse shall submit a load-in application, i.e., a delivery notice before load-in to the warehouse

The load-in application shall specify information such as the product, grade (designation), trademark, quantity, sender, and the name of the designated delivery warehouse, along with all required documentations.

A client shall authorize the carrying futures firm member as the agent to handle all procedures with respect to the delivery notice (or load-in application).

**Article 11** Given the available storage capacity, the Exchange shall, in its discretion, determine within three (3) trading days whether to approve the load-in application. If the application is approved, the owner shall promptly deliver the commodity to the designated delivery warehouse listed in the application within the time period prescribed by the Exchange. Any commodity loaded in without the Exchange's approval or beyond the specified time period shall not be used for physical delivery.

**Article 12** Upon the arrival of the commodity, the designated delivery warehouse shall inspect the commodity and accompanying documentations in compliance with the rules of the Exchange. It shall then enter the inspection result into the standard warrant management system. A standard warrant will be issued by the designated delivery warehouse 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 the arrived commodities. Otherwise, the owner shall be deemed to have agreed with the designated delivery warehouse on the inspection result.

**Article 13** When the legitimate holder of a standard warrant applies to take delivery, the designated delivery warehouse shall make the delivery after verifying the standard warrant is valid. The owner may take delivery directly or by authorizing the designated delivery warehouse to deliver the commodity to a third party. In the latter case, the owner shall oversee the delivery at the designated delivery warehouse. Otherwise, the owner shall be deemed to have confirmed the delivery made by the designated delivery warehouse.

**Article 14** While delivering the commodities, the designated delivery warehouse shall fill out the *Load-Out Confirmation Form for Standard Warrant* in duplicate, keeping one copy and giving the other to the owner. Both copies shall be properly kept for further examinations.

#### **CHAPTER 4 COPPER CATHODE**

**Article 15** Delivery unit: twenty-five (25) metric tons.

**Article 16** Grade and quality specifications are provided in the *Copper Cathode Futures Contract Specifications of the Shanghai Futures Exchange*.

**Article 17** Deliverable commodity

The deliverable commodity shall be of a registered trademark from a manufacturer registered with the Exchange.

**Article 18** Packaging for deliverable commodity

(i) Packaging: copper cathodes underlying each warrant shall consist of commodity of the same manufacturer, registered trademark, quality grade, and shape, secured into bundles of similar weight. The registered producer may decide, in its sole discretion, the weight of each bundle, provided that such bundle weights can be formed into each standard warrant successfully. Copper cathodes shall be tightened into bundles with rust-resistant steel straps in a dual-line grid (#) pattern or with other methods of comparable strength using steel straps. The strapping shall be reliable and each bundle shall be marked by a prominent and secure product label and weight, which shall not exceed four (4) metric tons.

(ii) If the commodities arrive at the designated delivery warehouse with broken steel straps, severely rusted or corroded bundling materials, or loose plates, the commodities shall be repackaged and securely tightened with specified steel straps before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

**Article 19** Required documentations 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 commodity inspection, certificate of payment of import tariff, and certificate of VAT withholding by the customs. These documentations 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 documentations for relevant imported products.

**Article 20** Tolerance and pound difference: The underlying copper cathode for each standard warrant weights twenty-five (25) metric tons. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus two percent ( $\pm 2\%$ ). Pound difference shall not exceed plus or minus one-tenth of one percent ( $\pm 0.1\%$ ).

**Article 21** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures such as the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 22** Delivery venue: the delivery warehouse designated by the Exchange, as set forth in Appendix 2.

## CHAPTER 5 ALUMINUM INGOT

**Article 23** Delivery unit: twenty-five (25) metric tons.

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

**Article 25** Deliverable commodity

The deliverable commodity shall be of a registered trademark from a manufacturer registered with the Exchange.

**Article 26** Packaging for deliverable commodity

(i) Packaging: aluminum ingots underlying each warrant shall consist of commodity of the same manufacturer, registered trademark, quality grade, shape, and packaged quantity (secured into bundles of similar weight). The registered producer may decide, in its sole discretion, the weight of each bundle, provided that such bundle weights can be formed into each standard warrant successfully. Aluminum ingots shall be tightened into bundles with rust-resistant steel straps measuring 30-32 mm  $\times$  0.9-1.0 mm, which are to be applied in a dual-line grid (“#”) pattern, or with other methods of comparable strength. The strapping shall

be reliable and each bundle shall be marked by a prominent and secure product label, smelting furnace serial number and batch number, and weight, which shall not exceed two (2) metric tons.

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

(iii) Each domestically produced aluminum ingot shall weigh fifteen (15) kilograms plus or minus two ( $\pm 2$ ) kilograms, twenty (20) kilograms plus or minus two ( $\pm 2$ ) kilograms, or twenty-five (25) kilograms plus or minus two ( $\pm 2$ ) kilograms. The imported aluminum shall be in ingots and weigh between twelve (12) kilograms and twenty-six (26) kilograms per ingot.

**Article 27** Required documentations 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 commodity inspection, certificate of payment of import tariff, and certificate of VAT withholding by the customs. These documentations 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 documentations for relevant imported products.

**Article 28** Tolerance: The underlying aluminum ingots for each standard warrant weight twenty-five (25) metric tons. Differences between standard warrant weight and actual delivery weight shall not exceed plus or minus two percent ( $\pm 2\%$ ).

**Article 29** Pound difference: shall not exceed plus or minus one-tenth of one percent ( $\pm 0.1\%$ ).

**Article 30** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 31** Delivery venue: the delivery warehouse designated by the Exchange, as set forth in Appendix 2.

## CHAPTER 6 ZINC INGOT

**Article 32** Delivery unit: twenty-five (25) metric tons.

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

**Article 34** Deliverable commodity

The deliverable commodity shall be of a registered trademark from a manufacturer registered with the Exchange.

**Article 35** Packaging for deliverable commodity

(i) Packaging: zinc ingots underlying each warrant shall consist of commodity of the same manufacturer, registered trademark, quality grade, shape, and packaged quantity (secured into bundles of similar weight). The registered producer may decide, in its sole discretion, the weight of each bundle, provided that such bundle weights can be formed into each standard warrant successfully. Zinc ingots shall be tightened into bundles with rust-resistant steel straps measuring 30-32 mm × 0.9-1.0 mm. The strapping shall be reliable and each bundle shall be marked by a prominent and secure product label, batch number, and weight.

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

(iii) Each domestically produced zinc ingot shall weigh eighteen (18) kilograms to thirty (30) kilograms.

**Article 36** Required documentations 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 commodity inspection, certificate of payment of import tariff, and certificate of VAT withholding by the customs. These documentations 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. In such circumstance, the Exchange will separately announce the revised requirements for the documentations for imported products.

**Article 37** Tolerance and pound difference: each standard warrant corresponds to twenty-five (25) metric tons of zinc ingots. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus two percent ( $\pm 2\%$ ). Pound difference

shall not exceed plus or minus one-tenth of one percent ( $\pm 0.1\%$ ).

**Article 38** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 39** Delivery venue: the delivery warehouse designated by the Exchange, as set forth in Appendix 2.

## CHAPTER 7 LEAD INGOT

**Article 40** Delivery unit: twenty-five (25) metric tons.

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

**Article 42** Deliverable commodity

The deliverable commodity shall be of a registered trademark from a manufacturer registered with the Exchange.

**Article 43** Packaging for deliverable commodity

(i) Packaging: lead ingots underlying each warrant shall consist of commodity of the same manufacturer, registered trademark, quality grade, shape, and packaged quantity (secured into bundles of similar weight). The registered producer may decide, in its sole discretion, the weight of each bundle, provided that such bundle weights can be formed into each standard warrant successfully. Lead ingots shall be tightened into bundles with rust-resistant straps of proper strength as separately announced by the Exchange. The strapping shall be reliable and each bundle shall be marked by a prominent and secure product label, specifying manufacturer name, product name, designation, batch number, net weight, and date of production.

(ii) If the commodities arrive at the designated delivery warehouse with broken 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 domestically produced lead ingot shall weigh forty-eight (48) kilograms plus or minus three ( $\pm 3$ ) kilograms, forty-two (42) kilograms plus or minus two ( $\pm 2$ ) kilograms, forty (40) kilograms plus or minus two ( $\pm 2$ ) kilograms, or twenty-four (24) kilograms plus or minus one ( $\pm 1$ ) kilogram.



**Article 44** Required documentations 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 commodity inspection, certificate of payment of import tariff, and certificate of VAT withholding by the customs. These documentations 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 documentations for relevant imported products.

**Article 45** Tolerance and pound difference: The underlying lead ingots for each standard warrant weights twenty-five (25) metric tons. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus two percent ( $\pm 2\%$ ). Pound difference shall not exceed plus or minus one-tenth of one percent ( $\pm 0.1\%$ ).

**Article 46** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 47** Delivery venue: the designated delivery warehouse (to be designated and separately announced by the Exchange). The lead ingots intended for delivery must be stored at indoor storage space.

## **CHAPTER 8 ELECTROLYTIC NICKEL**

**Article 48** Delivery unit: six (6) metric tons.

**Article 49** Grade and quality specifications are specified in the *Nickel Futures Contract Specifications of the Shanghai Futures Exchange*.

**Article 50** Deliverable commodity

The deliverable commodity shall be of a registered brand from a manufacturer registered with the Exchange, or of a recognized brand from a manufacturer recognized by the Exchange.

**Article 51** Packaging for deliverable commodity

- (i) Nickel cathodes (full plate)

1. Electrolytic nickel cathodes underlying each warrant shall consist of commodity of the same manufacturer, designation, registered or certified brand, quality grade, and shape, secured into bundles of similar weight. The registered producer may decide, in its sole discretion, the weight of each bundle, provided that such bundle weights can be formed into each standard warrant successfully. Nickel cathodes shall be tightened into bundles with rust-resistant steel straps measuring 30-32 mm × 0.9-1.0 mm, which are to be applied in a dual-line grid (“#”) pattern, or with other methods of comparable strength using steel straps. The strapping shall be reliable and each bundle shall be marked by a prominent and secure product label.

2. If the commodities arrive at the designated delivery warehouse with broken steel straps, severely rusted or corroded bundling materials, or loose plates, the commodities shall be repackaged and securely tightened with specified steel straps before they are delivered. Any costs incurred in the reassembly shall be borne by the owner.

(ii) Nickel briquettes

1. Electrolytic nickel briquettes underlying each warrant shall consist of commodity of the same manufacturer, designation, registered or certified brand, and quality grade. Nickel briquettes may be packaged in bags or steel drums. The registered producer may decide, in its sole discretion, the weight of each drum provided that such drum weights can be formed into each standard warrant successfully. Each bag or drum shall be marked by a prominent and secure product label.

2. If the commodities arrive at the designated delivery warehouse with broken packaging, the commodities shall be repackaged with any costs incurred borne by the owner.

(iii) Others

To be separately announced by the Exchange.

**Article 52** Required documentations 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 commodity inspection, certificate of payment of import tariff, and certificate of VAT withholding by the customs. These documentations 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. In such circumstance, the Exchange will separately announce the revised requirements for the documentations for imported products.

**Article 53** Tolerance and pound difference: each standard warrant corresponds to six (6) metric tons of electrolytic nickel. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus three percent ( $\pm 3\%$ ). Pound difference shall

not exceed plus or minus one-tenth of one percent ( $\pm 0.1\%$ ).

**Article 54** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 55** Delivery venue: the designated delivery warehouse (to be designated and separately announced by the Exchange). The electrolytic nickel intended for delivery must be stored indoors.

## CHAPTER 9 TIN INGOT

**Article 56** Delivery unit: two (2) metric tons.

**Article 57** Grade and quality specifications are specified in the *Tin Futures Contract Specifications of the Shanghai Futures Exchange*.

**Article 58** Deliverable commodity

The deliverable commodity shall be of a registered brand from a manufacturer registered with the Exchange.

**Article 59** Packaging for deliverable commodity

(i) Tin ingots underlying each warrant shall consist of commodity of the same manufacturer, designation and grade, registered brand, quality grade, shape, and packaged quantity (secured into bundles of similar weight). The registered manufacturer may decide the weight of each bundle in its sole discretion, provided that the bundles can readily yield the delivery unit. Each bundle shall be tightened with rust-resistant steel straps or with other methods of comparable strength using PET straps. The strapping shall be reliable and each bundle shall be marked by a prominent and secure product label.

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

(iii) Each domestically produced tin ingot shall weigh twenty-five (25) kilograms plus or minus one point five ( $\pm 1.5$ ) kilograms.

**Article 60** Required documentations 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 commodity inspection, certificate of payment of import tariff, and certificate of VAT withholding by the customs. These documentations 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. In such circumstance, the Exchange will separately announce the revised requirements for the documentations for imported products.

**Article 61** Tolerance and pound difference: each standard warrant corresponds to two (2) metric tons of tin ingots. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus three percent ( $\pm 3\%$ ). Pound difference shall not exceed plus or minus one-tenth of one percent ( $\pm 0.1\%$ ).

**Article 62** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 63** Delivery venue: the designated delivery warehouse (to be designated and separately announced by the Exchange). The tin ingots intended for delivery must be stored indoors.

## CHAPTER 10 STEEL REBAR

**Article 64** Delivery unit: three-hundred (300) metric tons.

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

**Article 66** Quality specifications

The deliverable steel rebars shall be of a registered brand from a manufacturer registered with the Exchange.

The shape, dimension, weight, and tolerance of deliverable steel rebars shall conform to *the specifications of National Standard GB/T 1499.2-2018: Steel for the Reinforcement of Concrete – Part 2: Hot Rolled Ribbed Bars*.

The validity period 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 designated delivery warehouse within forty-five (45) days following the date of production.

Steel rebars for delivery at the designated delivery warehouse shall be cut to length of nine (9)

meters or twelve (12) meters.

**Article 67** Packaging and stacking

The packaging, mark, and certificate of quality of deliverable steel rebars shall conform to the specifications of *National Standard GB/T 1499.2-2018: Steel for the Reinforcement of Concrete – Part 2: Hot Rolled Ribbed Bars*.

Steel rebars underlying each warrant shall consist of commodity of the same manufacturer, designation, registered trademark, nominal diameter, and length, and have a date of production variance of no more than ten (10) consecutive days. The earliest of such dates shall be taken as the date of production on the warrant.

Deliverable steel rebars underlying each warrant shall be stacked together.

**Article 68** Required documentations for deliverable commodity

The certificate of quality issued by the registered manufacturer shall be provided.

**Article 69** Measuring and tolerance

The deliverable steel rebars shall be measured by theoretical weight. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus three percent ( $\pm 3\%$ ).

**Article 70** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 71** Delivery venue: the designated delivery warehouse and factory warehouse (to be designated and separately announced by the Exchange).

## **CHAPTER 11 WIRE ROD**

**Article 72** Delivery unit: three-hundred (300) metric tons.

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

**Article 74** Quality specifications

The deliverable wire rods shall be of a registered brand from a manufacturer registered with

the Exchange.

The shape, dimension, weight, and tolerance of deliverable wire rods shall conform to the *specifications of National Standard GB/T 1499.1-2017: Steel for the Reinforcement of Concrete – Part 1: Hot Rolled Plain Bars*.

The validity period 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 designated delivery warehouse within thirty (30) days after the date of production.

**Article 75** Packaging and stacking

Wire rods shall be delivered in coils and their packaging, mark, and certificate of quality shall conform to the *specifications of National Standard GB/T 1499.1-2017: Steel for the Reinforcement of Concrete – Part 1: Hot Rolled Plain Bars*.

Wire rods underlying each warrant shall consist of commodity of the same manufacturer, designation, registered trademark, and nominal diameter, and have a date of production variance of no more than ten (10) consecutive days. The earliest of such dates shall be taken as the date of production on the warrant.

Deliverable wire rods underlying each warrant shall be stacked together.

**Article 76** Required documentations for deliverable commodity

The certificate of quality issued by the registered manufacturer shall be provided.

**Article 77** Tolerance and pound difference

The deliverable wire rods shall be measured by weight. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus three percent ( $\pm 3\%$ ). Pound difference shall not exceed plus or minus three-tenths of one percent ( $\pm 0.3\%$ ).

**Article 78** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 79** Delivery venue: the designated delivery warehouse and factory warehouse (to be designated and separately announced by the Exchange).

## CHAPTER 12 HOT-ROLLED COIL

**Article 80** Delivery unit: three-hundred (300) metric tons.

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

**Article 82** Quality Specifications

The deliverable hot-rolled coils shall be of a registered brand from a manufacturer registered with the Exchange.

The shape, dimension, weight, and tolerance of deliverable hot-rolled coils shall conform to the specifications of GB/T 3274-2017: Hot-Rolled Plates and Strips of Carbon Structural Steel and Low-Alloy Structural Steel or JIS G 3101-2015: Rolled Steel for General Structures.

The validity period of each delivery set shall be three-hundred and sixty (360) days after the date of production. The earliest of such dates shall be taken as the date of production on the warrant.

**Article 83** Specifications

Hot-rolled coils underlying each warrant shall consist of commodity of the same manufacturer, designation, width, and thickness.

**Article 84** Packaging and stacking

The packaging, mark, and certificate of quality of deliverable hot-rolled coils shall conform to the specifications of GB/T 3274-2017: Hot-Rolled Plates and Strips of Carbon Structural Steel or Low-Alloy Structural Steel or JIS G 3101-2015: Rolled Steel for General Structures and other relevant rules.

Deliverable hot-rolled coils underlying each warrant shall be stacked together.

**Article 85** Required documentations for deliverable commodity

The certificate of quality issued by the registered manufacturer shall be provided.

**Article 86** Measuring and tolerance

The deliverable hot-rolled coils shall be measured by weight. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus five percent ( $\pm 5\%$ ). Pound difference shall not exceed plus or minus three-tenths of one percent ( $\pm 0.3\%$ ).

**Article 87** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 88** Delivery venue: the designated delivery warehouse (to be designated and announced by the Exchange).

### **CHAPTER 13 STAINLESS STEEL**

**Article 89** Delivery unit: sixty (60) metric tons.

**Article 90** The grade and quality specifications are provided in the *Stainless Steel Futures Contract Specifications of the Shanghai Futures Exchange*.

**Article 91** Quality specifications

The deliverable stainless steel shall be of a registered brand from a manufacturer registered with the Exchange, or of a certified brand from a manufacturer recognized by the Exchange (the lists of certified brands and recognized manufacturers will be separately announced by the Exchange).

The quality of deliverable stainless steel shall conform to the specifications of GB/T3280-2015 – Cold-Rolled Stainless Steel Plates and Strips or JIS G 4305: 2012 – Cold-Rolled Stainless Steel Plates and Strips, and the *Steel Deliverable Registration Rules of the Shanghai Futures Exchange*.

The surface quality of deliverable stainless steel shall meet the requirements of the *Steel Deliverable Registration Rules of the Shanghai Futures Exchange*.

The standard warrant of a designated delivery warehouse shall be valid for three-hundred and sixty (360) days from the earliest production date of the underlying commodity. The standard warrant of a factory warehouse shall be valid for three-hundred and fifteen (315) days from the date of creation of such warrant.

**Article 92** Specifications

Stainless steel underlying each warrant shall consist of commodity of the same manufacturer, (registered) trademark, designation, width, thickness, and edge.

**Article 93** Packaging and stacking

The mark and the certificate of quality of deliverable stainless steel shall conform to the specifications of GB/T3280-2015 – Cold-Rolled Stainless Steel Plates and Strips or JIS G 4305:2012 – Cold-Rolled Stainless Steel Plates and Strips.

The packaging of deliverable stainless steel shall meet the requirements of the *Steel Deliverable Registration Rules of the Shanghai Futures Exchange*.

Deliverable stainless steel underlying each warrant shall be stacked together.

**Article 94** Required documentations for deliverable commodity



The certificate of quality issued by the registered manufacturer or a manufacturer recognized by the Exchange shall be provided.

**Article 95** Measuring and tolerance

The deliverable stainless steel shall be measured by net weight. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus five percent ( $\pm 5\%$ ). Pound difference shall not exceed plus or minus three-tenths of one percent ( $\pm 0.3\%$ ).

**Article 96** The final settlement price of each stainless steel futures contract shall be the arithmetic average of the settlement prices of that contract over the last five (5) trading days on which it was traded.

**Article 97** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 98** Delivery venue: the designated delivery warehouse and factory warehouse (to be designated and separately announced by the Exchange).

**Article 99** Resolution of dispute arising from packaging and surface quality

- (i) Dispute over packaging and surface quality shall not constitute a delivery default;
- (ii) If the owner has any dispute about the packaging or surface quality of the commodity, such as pits, scrapes, or seawater stains, the manufacturer, designated delivery warehouse, seller, or initial creator of the standard warrant shall cooperate with the owner in resolving such dispute.

At the request of the owner and other parties to the dispute, a Designated Inspection Agency may issue a quality assay report in accordance with *Steel Deliverable Registration Rules of the Shanghai Futures Exchange*. The findings of the report shall be applicable to the commodity in question only.

## CHAPTER 14 NATURAL RUBBER

**Article 100** Delivery unit: physically delivered in whole lots.

**Article 101** Grade and quality specifications are provided in the *Natural Rubber Futures Contract Specifications of the Shanghai Futures Exchange*.

**Article 102** The registered brands of domestic natural rubber will be separately announced by the Exchange.

**Article 103** Packaging:

(i) Domestic natural rubber (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 metric ton. No tolerance shall be applied to weight. Each pack shall measure six hundred and seventy (670) by three hundred and thirty (330) by two hundred (200) millimeters. The pack shall also carry a label specifying information such as the grade code, net weight, name or code of the manufacturer, and date of production.

(ii) The imported RSS 3 rubber shall be in packs covered with rubber sheets. Packs of each delivery shall be of the same weight. The weight of a standard pack shall be one hundred and eleven and eleven-hundredths (111.11) kilograms, with nine (9) packs forming a metric ton. No tolerance shall be applied to standard packs. Non-standard packs shall be measured by their weights, with pound difference not exceeding plus or minus two-tenths of one percent ( $\pm 0.2\%$ ) and difference between standard warrant weight and actual delivery weight not exceeding plus or minus three percent ( $\pm 3\%$ ).

**Article 104** 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 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: a photocopy of the declaration to the customs on import goods, contract, the customs import tariff payment certificate and the customs VAT levy certificate; an original copy of the quality inspection certificate (or the testing/appraisal report) on the actual delivered goods issued by a designated testing institution (specified in Appendix 1).

(iii) The goods shall be inspected using a sample test. Sample 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 105** Validity period

(i) Domestic natural rubber (SCR WF) may be delivered at the designated delivery warehouse up to the last delivery month of the second year after the year of its production. Beyond that, the rubber shall be converted to physicals. If the natural rubber produced domestically in a given year is intended for physical delivery, it shall be loaded into the designated delivery warehouse before the next June; 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 (18th) month following the application date on the customs import declaration form. 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 application date on the customs import declaration form; otherwise, it shall be ineligible for delivery.

(iii) The quality inspection certificate (or the testing /appraisal report) on the natural rubber at the certified delivery warehouse are valid up to the ninetieth (90th) 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 106** The natural rubber arriving at the designated delivery warehouse shall be dry and clean. The designated delivery warehouse shall open and inspect ten percent (10%) of the packs and sew them up after inspection. Any commodity that is not fit for purpose due to nuisance such as cracking, drenching, moisture, mildew, blackening, or severe contamination shall be rejected and not enter the delivery process.

**Article 107** Natural rubber underlying each standard warrant shall consist of commodity of the same delivery set and packaging specifications.

**Article 108** The final settlement price of each natural rubber futures contract shall be the volume-weighted average of the execution prices of that contract over the last five (5) trading days on which it is traded

**Article 109** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, payment, and Exchange-specified tax invoice by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day. If any quality dispute is likely to occur, the Exchange may, in its sole discretion, refund the margin on any undisputed positions to the seller's carrying member on the first business day after the fifteenth day of the month following the delivery month.

**Article 110** Delivery venue: the delivery warehouse designated by the Exchange, as set forth in Appendix 2.

## CHAPTER 15 SILVER

**Article 111** Delivery unit: thirty (30) kilograms.

**Article 112** Grade and quality specifications are provided in the *Silver Futures Contract Specifications of the Shanghai Futures Exchange*.

**Article 113** Deliverable commodity

The deliverable commodity shall be of a registered trademark from a manufacturer registered with the Exchange.

**Article 114** Specifications

Each deliverable silver ingot shall weigh fifteen (15) kilograms plus or minus one ( $\pm 1$ ) kilogram or thirty (30) kilograms plus or minus two ( $\pm 2$ ) kilograms.

Silver ingots underlying each warrant shall consist of commodity of the same manufacturer, designation, registered trademark, and shape.

**Article 115** Packaging for deliverable commodity

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

**Article 116** Required documentations for deliverable commodity

- (i) Domestic commodity: the certificate of quality issued by the registered manufacturer.
- (ii) Imported commodity: to be separately announced by the Exchange.

**Article 117** Weight tolerance and pound difference: Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus two ( $\pm 2$ ) kilograms. Pound difference shall not exceed plus or minus one ( $\pm 1$ ) kilogram

**Article 118** Inspection on the quantity and weight of the load-in silver ingots

The designated delivery warehouse will count load-in silver ingots and double-check the weight for each ingot. The weight of each ingot shall be that shown on the certificate of quality issued by the manufacturer if the pound difference is within the prescribed range.

**Article 119** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 120** Delivery venue: the designated delivery warehouse (to be designated and separately announced by the Exchange).

**CHAPTER 16 BLEACHED SOFTWOOD KRAFT PULP**

**Article 121** Delivery unit

The delivery unit for a BSKP futures contract is twenty (20) air dry metric tons, i.e., the weight represented by one standard warrant. Deliveries shall be made in whole standard warrants.

**Article 122** The grade and quality specifications are provided in the Bleached Softwood Kraft Pulp Futures Contract of the Shanghai Futures Exchange.

**Article 123** Quality specifications

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

**Article 124** Packaging and stacking

- (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.
- (iii) The BSKP arriving at a designated delivery warehouse shall have complete and clean packaging. The designated 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.
- (iv) If the commodities arrive at the designated 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.
- (v) Deliverable BSKP underlying each standard warrant shall be stacked in storage areas which hold five-hundred (500) metric tons each.

**Article 125** Required documentations 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 documentations 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 documentations 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 documentations for imported products.

**Article 126** Load-in and load-out inspection

(i) BSKP arriving at a designated 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 meet 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 designated 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 127** Weight tolerance and pound difference

BSKP shall be weighed in air dry metric tons. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus five percent ( $\pm 5\%$ ). Pound difference shall not exceed plus or minus one percent ( $\pm 1\%$ ).

**Article 128** 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 designated 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 129** The final settlement price of each BSKP futures contract shall be the volume-weighted average of the execution prices of that contract over the last five (5) trading days on which it was traded.

**Article 130** The seller shall submit the VAT special invoice within five (5) business days following the last trading day.

If the buyer and the seller complete the procedures with respect to the standard warrant, the VAT special invoice, and payment by 14:00 on that day, the Exchange shall refund the margin corresponding to the delivered positions on the same day; if the procedures are completed

after 14:00, the Exchange shall refund the margin at the clearing on the following trading day.

**Article 131** Delivery venue: the designated delivery warehouse (to be designated and separately announced by the Exchange).

## **CHAPTER 17 EXCHANGE OF FUTURES FOR PHYSICALS**

**Article 132** The exchange of futures for physicals (“EFP”) is the process where the members or clients who hold opposite positions of a futures contract expiring in the same month reach an agreement through negotiation to, upon the approval of the Exchange, tender a notice of EFP to have their respective positions in such contract closed out by the Exchange at the price prescribed by the Exchange, and exchange, at the price mutually agreed upon and in the same opposite positions, the warrant of the underlying commodity which has a quantity equivalent to and is identical to the underlying commodity of the futures contract.

**Article 133** EFP may be initiated from the listing day of the contract intended for EFP to the second trading day (including that day) prior to the last trading day of the delivery month.

On any trading day during this period, the buyer and the seller (or their carrying members) holding opposite positions of a futures contract expiring in the same month may reach an EFP agreement, fill out a standard EFP application form (see Appendix 3) and submit it to the Exchange by 14:00.

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

**Article 134** EFP shall only be applicable to the positions on all the Exchange’s listed contracts opened prior to the date of the EFP application but not to the positions newly opened on that day.

**Article 135** The final settlement price for an EFP is the price agreed by the buyer and the seller (or their carrying members).

**Article 136** The positions of a futures contract held by the buyer and the seller to an EFP shall be closed out by the Exchange by 15:00 on the application day at the settlement price of the previous trading day for the corresponding delivery month contract.

**Article 137** The trading margin of an EFP shall be calculated based on the settlement price of the trading day prior to the application day for the corresponding delivery month contract.

**Article 138** All the documents pertaining to an EFP, including payment and warrants, shall be exchanged at the premise of the Exchange by 14:00 on the first trading day after the application day.

**Article 139** The delivery payment of an EFP may be made through the in-house funds transfer system or bank transfer.

**Article 140** The seller shall submit the VAT special invoice to the Exchange within seven (7) days after completing the EFP procedures. If the seller submits the invoice before 14:00, the Exchange shall refund the corresponding margin to the seller after verification; if the seller submits the invoice after 14:00, the Exchange shall refund the margin during the settlement on the next trading day. After receiving the invoice from the seller, the Exchange shall issue the VAT special invoice to the buyer on the next business day.

Failure to submit the VAT special invoice within the prescribed time shall subject the seller to the relevant provisions of the Clearing Rules of the Shanghai Futures Exchange.

**Article 141** If the delivery is not completed within the time specified in Article 138, the relevant rules on delivery default in these Delivery Rules shall apply. If a dispute over the quality of the commodities arises, the buyer shall submit a request for dispute resolution within twenty-five (25) days of the exchange of documents, together with the quality assay report issued by a Designated Inspection Agency.

Disputes over the quality of the delivered commodities underlying non-standard warrants shall be resolved by the relevant members. The Exchange shall be exempt from any responsibilities of guaranty thereof.

**Article 142** Any non-bona fide EFPs shall be subject to the relevant provisions of the Enforcement Rules of the Shanghai Futures Exchange.

**Article 143** The Exchange shall timely publish relevant information on EFPs.

## CHAPTER 18 CHARGES AND FEES

**Article 144** Parties to a physical delivery shall pay delivery fees to the Exchange based on the following rates:

- copper: two (2) yuan/metric ton;
- aluminum: two (2) yuan/metric ton;
- zinc: two (2) yuan/metric ton;
- steel rebar and wire rod: one (1) yuan/metric ton;
- natural rubber: four (4) yuan/metric ton; and
- lead, nickel, tin, silver, hot-rolled coil, stainless steel, and BSKP: to be designated and separately announced by the Exchange.

**Article 145** The fee schedule that the designated delivery warehouse applies to the load-in, load-out, and storage of commodity shall be approved by the Exchange.

**Article 146** Among the service fees for which a designated delivery warehouse may charge



are the following:

- (i) load-in fees, load-out fees, loading fees, packaging fees, sorting fees, ownership transfer fees, consignment fees, fast track fees, special working charges, and other charges recognized and approved by the Exchange. The owner shall, after verifying the validity of the invoice issued by the designated delivery warehouse based on the services provided, pay the invoiced amount in a lump sum.
- (ii) storage fees shall be charged on a daily basis. The storage fees incurred prior to the fifth business day (including that day) following the last trading day shall be borne by the seller, while the fees incurred thereafter shall be the responsibility of the buyer. The designated delivery warehouse shall mark on the standard warrant the period for which the fees are paid. The owner shall make the payment by the end of each month at the designated delivery warehouse. Advance payment is allowed.

Fee rates of the designated delivery warehouse for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, silver, hot-rolled coil, stainless steel, natural rubber, and BSKP shall be determined and separately announced by the Exchange.

## **CHAPTER 19    DEFAULT**

**Article 147** Any of the following acts shall constitute a delivery default:

- (i) A seller fails to present standard warrants in the required number within the specified delivery period;
- (ii) A buyer fails to make payment in the required amount within the specified delivery period; or
- (iii) Other acts the Exchange deems as delivery default.

**Article 148** The following formulas shall be used to calculate the delivery default quantities of the buyer or the seller in a futures contract:

The delivery default quantity of the seller (lots) = the standard warrant quantities due (lots) – the standard warrant quantities delivered (lots)

The delivery default quantity of the buyer (lots) = (payment due – payment made) ÷ the final settlement price ÷ contract size

In calculating the delivery default quantity of the buyer in a futures contract, a deposit of twenty percent (20%) of the nominal value of the defaulted amounts shall be set aside for liquidated damages and fines.

**Article 149** Once a delivery default occurs, the Exchange shall notify the defaulter and the non-defaulter via the member service system before 16:30 on the day of default. Such notice shall be deemed to have been received upon being sent.

**Article 150** In the case of a default, the defaulter shall pay the non-defaulter liquidated damages equivalent to twenty percent (20%) of the nominal value of the defaulted amounts (calculated based on the settlement price). The Exchange shall terminate the delivery by returning the delivery payment or the standard warrants to the non-defaulter.

**Article 151** In case both the buyer and the seller default, the Exchange shall terminate the delivery and impose a fine of five percent (5%) of the nominal value of the defaulted amounts against the buyer and the seller respectively.

**Article 152** When a delivery is terminated, the Exchange's obligations to guarantee the delivery shall be dismissed.

**Article 153** If a member commits a partial delivery default, the standard warrants or the payment for commodities the defaulting member receives may be used for default resolution.

**Article 154** If a member deliberately defaults on physical delivery, it shall be subject to the provisions prescribed in the Enforcement Rules of the Shanghai Futures Exchange.

**Article 155** A member and a designated delivery warehouse that has defaulted on delivery shall be obligated to provide relevant supporting materials regarding such default. Any failure to provide such materials will not influence the finding of the fact of defaulting.

**Article 156** Disputes between an owner and a designated delivery warehouse as to the conclusions of commodity inspection shall be resolved by their joint inspection. A Designated Inspection Agency may be requested to conduct a re-inspection and the conclusions drawn therefrom shall constitute the basis for resolving the dispute.

## CHAPTER 20 MISCELLANEOUS

**Article 157** Rules governing the delivery of such other commodities as fuel oil, gold, and bitumen will be separately announced by the Exchange.

**Article 158** Rules governing the trading of spot contracts and standard warrants will be separately prescribed by the Exchange.

**Article 159** Any violations of these *Delivery Rules* shall be handled by the Exchange in accordance with the Enforcement Rules of the Shanghai Futures Exchange.

**Article 160** The Exchange reserves the right to interpret these *Delivery Rules*.

**Article 161** These *Delivery Rules* shall be implemented as of July 21, 2022.

Appendix 1: Inspection agencies for Copper, Aluminum, Zinc, and Natural Rubber Designated by the Exchange

Appendix 2: Delivery Warehouses Designated by the Exchange

Appendix 3: EFP Application Form of the Exchange.

(Appendices omitted)