

# Shanghai Futures Exchange

## Rules on the Registration and Recognition of Deliverable Aluminum Oxide

### Chapter 1 General Provisions

**Article 1** These *Rules* are made in accordance with the *General Exchange Rules of the Shanghai Futures Exchange* and related implementing rules to more effectively manage deliverable aluminum oxide and safeguard the legitimate rights and interests of the trading parties.

**Article 2** These *Rules* apply to the Shanghai Futures Exchange (the “Exchange”), Members, Clients, registered manufacturers, recognized manufacturers, and Designated Quality Inspection Agencies.

### Chapter 2 Registration of Aluminum Oxide

**Article 3** Registration requirements

- (1) The applicant should be a domestic manufacturer of aluminum oxide with a certain degree of brand recognition and reputation;
- (2) The applicant should have the specified annual output of aluminum oxide (tentatively set to 400,000 metric tons per year) that conforms to the prevailing national standards, ensure that its manufacturing process meets the national industry and environmental standards, and have been maintaining a stable output level for at least one year;
- (3) The aluminum oxide to be registered should be from lawful sources and account for a substantial share of the physical market; and
- (4) The applicant should meet any other requirements specified the Exchange.

**Article 4** Preliminary review

An applicant should submit its pre-screening materials to the Exchange in accordance with the requirements under Article 3 for preliminary review, which will be conducted against each of the said requirements. An applicant may proceed to the formal registration procedures only upon passing the preliminary review. Where necessary, the Exchange may conduct an on-site inspection to verify the eligibility of the applicant.

**Article 5** An applicant should submit the following application materials in writing:

- (1) registration report;
- (2) Letter of Commitment (Annex 1);
- (3) SHFE Registration Form (Aluminum Oxide) (Annex 2);
- (4) photocopies of its Business License and Tax Registration Certificate and the business credit report from the National Enterprise Credit Information Publicity System;
- (5) documentations that establish and identify the origin of the aluminum oxide to be registered, such as the trademark registration certificate;
- (6) its shareholders and their shareholding ratios;
- (7) approval of its manufacturing plants, or filing or registration documents and environmental acceptance reports, etc.;
- (8) documents on quality management protocols for aluminum oxide, including:
  - (i) tables of contents of the principal quality management documents (quality manual, procedure documents, and operational guides);
  - (ii) internal control standards;
  - (iii) inspection items for major raw and auxiliary materials (including testing capacity and methods);
  - (iv) quality inspection items for the finished product (including testing capacity and methods); and
  - (v) key testing equipment (name, model, quantity, and purpose).
- (9) the latest quality testing report for aluminum oxide issued by an independent quality inspection agency;
- (10) its internal quality analysis reports for aluminum oxide within the past three months;
- (11) manufacturing process flowchart (one for each manufacturing process if two or more are employed);
- (12) description of the relevant manufacturing equipment (specifications, parameters, quantity, etc.);
- (13) color photos showing the appearance, mark, and packaging of the aluminum oxide to be registered, with indications of:
  - (i) the weight of each sack;

- (ii) the mark on the packaging sacks; and
- (iii) the materials and manufacturing standards for the inner and outer packaging sacks;
- (14) color photos of the major manufacturing equipment, facilities, and plants (for each of the manufacturing locations if there is more than one);
- (15) sample of the certificate of quality (including actual test results);
- (16) photocopies of the various management system certifications;
- (17) its audited financial or accounting report for the most recent fiscal year (photocopy should be affixed with its company seal);
- (18) documentations of product registration with other exchanges; and
- (19) other documents specified by the Exchange.

The Exchange may, in light of the circumstances, adjust the materials required under item (7) for the aluminum oxide manufacturers listed for compliance with the *Standards for the Aluminum Industry* published by the Ministry of Industry and Information Technology of the People's Republic of China.

#### **Article 6** Registration procedures

An applicant that has passed the preliminary review should complete the following registration procedures as required to obtain registration approval. Unless otherwise indicated, the applicant may consult with the Exchange on the timetable for each of the steps.

##### (1) Written application materials

The applicant should submit a complete set of application materials in writing and pass the review of the Exchange.

##### (2) On-site inspection

- (i) The Exchange will, together with a Designated Quality Inspection Agency, conduct an on-site inspection on the applicant in accordance with the *SHFE Outline of On-Site Inspection for Registration (Aluminum Oxide)* (Annex 3). If such inspection is infeasible due to exceptional circumstances, another inspection method recognized by the Exchange may be adopted and an on-site re-inspection should be conducted within the following year with respect to the inspection items.
- (ii) The on-site inspection covers the operation of the applicant's quality management systems; the inherent quality, outward appearance, packaging, and

measurement of the aluminum oxide; and the manufacturing processes and equipment operations. The applicant should store two batches of aluminum oxide, produced at least one month apart and weighing 100 metric tons each, at its warehouse for finished product or another location approved by the Exchange. Any second-time applicant that has failed the first inspection is required to furnish product produced at least three months after the date of the first inspection.

- (iii) The Designated Quality Inspection Agency should keep detailed records of the inspection and provide the complete quality inspection report. The applicant should actively cooperate with the inspection.
- (iv) If rectification is necessary, the applicant should duly make the corrections following the on-site inspection and report the outcomes to the Exchange.

(3) Approval by the Exchange

The Exchange will decide whether to approve the registration based on such factors as findings from the preliminary review, the application materials, and the results of on-site inspection and rectification. If approval is granted, the Exchange will notify the applicant, all Members, and the Designated Delivery Warehouses in writing.

**Article 7** An applicant should pay the following fees:

- (1) Aluminum oxide registration fee: RMB 100,000 per brand
- (2) Aluminum oxide testing fee: RMB 30,000 per brand

The Exchange may adjust the fees as necessary.

### **Chapter 3 Regular and Annual Random Inspections**

**Article 8** To ensure the quality of the deliverables, the Exchange may conduct regular or annual random inspections on the registered aluminum oxide as necessary.

- (1) Regular random inspection. The Exchange may, together with a Designated Quality Inspection Agency, conduct a regular random inspection on the quality of aluminum oxide that is stored in the registered manufacturer's warehouse for finished product or in a Designated Delivery Warehouse and is registered under a standard warrant.
- (2) Annual random inspection. The Exchange may, together with a Designated Quality Inspection Agency, conduct an annual random inspection on the quality of aluminum oxide that is registered under a standard warrant. The sample will be randomly selected from the registered manufacturer's warehouse for finished product or a Designated Delivery Warehouse.

- (3) The cost of regular random inspections is borne by the registered manufacturers; that of the annual random inspections is borne by the Exchange.
- (4) The Exchange will issue a rectification notice to any registered manufacturer whose registered product is found to have conspicuous quality issues during a regular or annual random inspection. The results of this rectification will affect the registration status of the manufacturer's aluminum oxide.

#### **Chapter 4 Suspension and Revocation of Registration Status**

**Article 9** The Exchange may issue a warning, give a reprimand, or suspend or revoke the registration status of a registered manufacturer as warranted by the circumstances, if:

- (1) the manufacturer is dissolved or bankrupt;
- (2) the manufacturer's trademark is transferred to another person or involved in an ownership dispute;
- (3) the manufacturer has failed a regular or annual random inspection and its aluminum oxide is still non-conforming after rectification;
- (4) the manufacturer is the subject of a large number of quality complaints and its aluminum oxide is tested to be non-conforming in quality (including outward appearance and inherent quality);
- (5) the manufacturer fails to meet environmental protection standards;
- (6) the manufacturer fails to report to the Exchange any material change in its production or operation (e.g., relocation or change of its controlling shareholder);
- (7) the manufacturer is named as a dishonest enterprise or is given an administrative penalty by a government agency; or
- (8) the manufacturer falls under any other circumstance identified by the Exchange.

A registered manufacturer is deemed to have forfeited its delivery status if its registered brand has been suspended from production for three years or longer without explanation to the Exchange, or if the manufacturer fails to provide the Exchange with the materials necessary for the management of deliverable aluminum oxide and, upon the Exchange's sending of a supervisory notice, still fails to submit the relevant explanations within the prescribed time limit.

**Article 10** A registered manufacturer should apply to the Exchange for change of registration information, with no need for on-site inspection on its quality management systems, if:

- (1) the manufacturer is involved in a division or merger, or has changed its name or organizational form;
- (2) there is any change to the registered weight specifications per sack;
- (3) there is a notable change to the packaging mark of the registered aluminum oxide; or
- (4) there is a change or substitution of the manufacturer's registered trademark within its corporate group that is recognized by the Exchange.

In the case of circumstance (2) above, the post-change aluminum oxide must pass the product inspection of the Exchange before it can be filed as a deliverable product.

**Article 11** A registered manufacturer may apply to the Exchange for cancellation of its registration status, in which case it should cooperate with the Exchange with respect to the corresponding transition and post-cancellation arrangements.

**Article 12** In the event of any quality dispute during the course of delivery, the registered manufacturer should cooperate with the Exchange in the resolution procedures and, if it is at fault for the quality issue with the deliverable aluminum oxide, should make compensations.

## **Chapter 5 Recognition of Aluminum Oxide**

**Article 13** Recognition requirements

- (1) The applicant should be an overseas manufacturer of aluminum oxide with a certain degree of brand recognition and reputation;
- (2) The aluminum oxide produced by the applicant should be of a lawful origin and good market reputation;
- (3) The applicant should have been maintaining a stable output level for at least one year; and
- (4) The applicant should meet any other requirements specified by the Exchange.

**Article 14** Application materials

An applicant should submit the following application materials in writing:

- (1) *SHFE Application Form for Recognized Manufacturers (Aluminum Oxide)* (Annex 4); and
- (2) other documents specified by the Exchange.

**Article 15** Preliminary review

The Exchange will conduct a preliminary review of the application materials. An applicant may proceed to the formal recognition procedures only upon passing the preliminary review.

All application materials must be submitted in Chinese which will constitute the definitive version. The English version should be attached as a reference.

**Article 16** Quality inspection

- (1) A Designated Quality Inspection Agency will conduct quality inspection at such locations or by such methods as recognized by the Exchange in accordance with the applicable rules; and
- (2) The Designated Quality Inspection Agency should keep detailed records of the inspection and provide the complete quality inspection report to the Exchange.

**Article 17** Recognition review

The Exchange will decide to whether recognize an applicant based on such factors as the application materials and the results of quality inspection.

If approval is granted, the Exchange will issue an announcement to the applicant, all Members, and the Designated Delivery Warehouses.

**Article 18** An applicant should pay the following fees:

Product inspection fee: RMB 10,000 per brand

**Article 19** Management of recognition status

To ensure the quality of the aluminum oxide produced by a recognized manufacturer, the Exchange may, at its own cost and together with a Designated Quality Inspection Agency, conduct regular or annual random inspections on the aluminum oxide stored in a Designated Delivery Warehouse as necessary.

**Article 20** The Exchange may adjust the status of a recognized manufacturer based on the results of regular and annual random inspections.

**Article 21** A recognized manufacturer should promptly report any material changes (e.g., relocation or change of its controlling shareholder) to the Exchange in writing.

**Article 22** The Exchange may change, suspend, or revoke the recognition status of a recognized manufacturer as warranted by the circumstances, if:

- (1) the lawful origin of the aluminum oxide has changed or is in dispute;
- (2) the manufacturer is dissolved or bankrupt; or
- (3) the manufacturer falls under any other circumstance identified by the Exchange.

## **Chapter VI Supplementary Provisions**

**Article 23** The Exchange reserves the right to interpret these *Rules*.

**Article 24** These *Rules* take effect as of [6.5], 2023.

### Annexes:

1. Letter of Commitment
2. SHFE Registration Form (Aluminum Oxide)
3. SHFE Outline of On-Site Inspection for Registration (Aluminum Oxide)
4. SHFE Application Form for Recognized Manufacturers (Aluminum Oxide)

## Annex 1

### Letter of Commitment

To ensure our aluminum oxide under the brand \_\_\_\_\_ is recognized as or remains a registered commodity for physical delivery against standardized futures contracts at the Shanghai Futures Exchange, we hereby commit to:

1. Strictly abiding by the *SHFE Rules on Registration and Recognition of Deliverable Aluminum Oxide*;
2. Taking full responsibility for the lawfulness, validity, and truthfulness of the materials we submit to the Exchange;
3. Accepting the inspections arising from a quality dispute at any time they are deemed necessary, and assuming the resulting liabilities;
4. Submitting timely, accurate, and complete reports to the Exchange about changes in our production or operation, including any change to our manufacturing capacity, manufacturing standards, trademark, and the registered weight specifications, and assuming the full consequences of failing to report such changes in accordance with the foregoing requirement; and
5. Paying to the Exchange and Designated Quality Inspection Agencies any fees that may incur under the *SHFE Rules on Registration and Recognition of Deliverable Aluminum Oxide*.

Applicant's Seal:

Date:

## Annex 2

### SHFE Registration Form (Aluminum Oxide)

#### General Information of the Applicant/Manufacturer

Product	Aluminum oxide		
Manufacturing Standard			
Applicant			
Country			
Registered Address (incl. postal code)			
Plant Address (incl. postal code)			
Email		Fax	
Contact Department		Contact Person	
Tel./WeChat/QQ			

Applicant's Seal:

Date:

## Manufacturer Profile

Profile

Note:

The profile should include: geographical location, corporate history, corporate systems, shareholder information, employees, key products, output, product quality, industry position, corporate management systems, sources of raw materials, energy supply, business advantages, development plan, etc.

If more than one manufacturing process is in use, please provide information on all of them.

### Product Profile

Product		Registered Trademark	
Manufacturing Standard		Production Starting Date	
Capacity (10,000 MT/Year)		Last Year's Output (10,000 MT) (MM to MM)	
Current Year's Output (10,000 MT) (MM to MM)			
Sales Volume (10,000 MT)		Self-Use Volume (10,000 MT)	
Registered Weight Specs	Weight (MT/Sack)	Sacks per Warrant (300 MT/Warrant)	Weight overage/shortfall can be kept within 1% and weight tolerance within 0.3% per warrant (Y/N)
Spec 1			
Spec 2			
Spec 3			
Outer Packaging	Material		
	Manufacturing Standards		
Inner Packaging	Material		
	Manufacturing Standards		
Information on the Packaging Mark			
Design or Photo of the Packaging Mark			
Difference in Packaging between Spot and Futures Products			

Trademark Registration No.:

Expiration Date:

Trademark Design:

Note: If more than one trademark is in use, please provide information on the packaging mark, registered weight specifications, and manufacturing plant for each.

## Key Financial and Technical Indicators

Item	Last Year	Current Year (planned)	Year-to-Date (MM to MM)			
1. Output (10,000 MT)						
2. Output Value (RMB 100 million)						
3. Profit (RMB 10,000)						
<b>General Information on Major Existing Manufacturing Equipment</b>						
Production or Process Equipment	Output Capacity (10,000 MT)	Total Investment (RMB 10,000)	Production Starting Date	Source of Raw Materials (10,000 MT)		Notes
				Domestic	Overseas	
<b>Energy and Resource Consumptions</b>						
	Unit Total Energy Consumption (kg coal equivalent / 1 MT of aluminum oxide)	Comprehensive Recovery Rate of Aluminum Oxide (%)	Floor Area (sqm / 1 MT of aluminum oxide)	Non-Recycled Water Consumption (MT / 1 MT of aluminum oxide)		
Measured Value						
Measured Value						

## **Annex 3**

### **SHFE Outline of On-Site Inspection for Registration (Aluminum Oxide)**

#### **I. Review of the Manufacturer's Quality Management Systems**

##### **1. Review of manufacturer's presentation on its corporate profile and quality management systems**

##### **2. The manufacturer is required to provide the following technical documents:**

- (1) Flowchart of the manufacturing processes;
- (2) Operational guides and controls for key processes;
- (3) Records of process monitoring and product clearance for the last three months;
- (4) Maintenance plan and records for the major manufacturing equipment for the last three months;
- (5) Records of internal review of the quality management systems for the last two years;
- (6) Testing standards and methods for the raw materials, semi-finished products, and finished products;
- (7) Testing records for the raw materials, semi-finished products, and finished products for the last three months;
- (8) Latest logs and measurement records for the testing and experiment equipment and (if internal calibration is made) the calibration methods, internal calibration records, and proof of qualification or effective training of the calibration personnel;
- (9) List of qualified suppliers of raw materials and their evaluation and annual review records for the most recent year;
- (10) Records on customer complaints, returns, and satisfaction surveys for the last year;
- (11) Job requirements and training plan and records for, and certificates held by, the production and testing personnel for the last two years; and
- (12) Photocopies of certificates of quality already issued for the finished products.

The manufacturer should ensure the above materials are made ready before the registration inspection and designate the responsible department to present the relevant information.

## **II. Quality Inspection (by individual batches)**

Quality inspection on aluminum oxide covers the packaging mark, appearance, sampling, chemical composition and physical property analysis, packaging sacks, weight, and certificate of quality.

### **1. Packaging marks**

Check whether a packaging mark contains the eight essential elements: product name (aluminum oxide), trademark, manufacturing standards, net weight, batch number, date of manufacture, manufacturer, and address of manufacturing plant.

### **2. Appearance**

Two sacks from each of the two batches will be randomly chosen, opened in turn, and visually inspected for appearance quality in accordance with GB/T 24487-2022.

### **3. Sampling**

Three samples, each not less than 1 kg, will be randomly taken from each of the two different, randomly selected batches of aluminum oxide in accordance with GB/T 6609.22.

### **4. Chemical composition and physical property analysis**

#### **(1) Chemical composition analysis**

Analyze the content of  $\text{Al}_2\text{O}_3$ ,  $\text{SiO}_2$ ,  $\text{Fe}_2\text{O}_3$ ,  $\text{Na}_2\text{O}$ ,  $\text{CaO}$ , and  $\text{NaOH}$ .

#### **(2) Testing methods**

- $\text{Al}_2\text{O}_3$ : GB/T 24487-2022;
- $\text{SiO}_2$ : GB/T 6609.3, GB/T 6609.30, YS/T 630, and other applicable standards;
- $\text{Fe}_2\text{O}_3$ : GB/T 6609.1, GB/T 6609.4, GB/T 6609.30, YS/T 630, and other applicable standards;
- $\text{Na}_2\text{O}$ : GB/T 6609.1, GB/T 6609.5, GB/T 6609.30, YS/T 630, and other applicable standards;

- CaO: GB/T 6609.1, GB/T 6609.13, GB/T 6609.30, YS/T 630, and other applicable standards;
- NaOH: GB/T 6609.2 and other applicable standards.

(3) Physical property analysis

Physical property analysis has two components: the content of aluminum oxide particle at less than 45  $\mu\text{m}$  in diameter, to be measured by GB/T 6609.27 and other applicable standards; and the specific surface area, to be measured by GB/T 6609.35 and other applicable standards.

**5. Packaging sack**

Two unused packaging sacks produced within six months of the date of inspection will be randomly selected on-site and (i) visually inspected for structural integrity, sewing quality (cylindrical, 2 lifting handles, 2-3 reinforcing belts), damages to inner and outer packaging, and stitching quality; and (ii) tested for the tensile strength and elongation of the base fabric and lifting handles with reference to GB/T 10454.

**6. Weight**

Two different batches of aluminum oxide, each at around 100 metric tons in 66 sacks, will be randomly selected on-site, from each of which 3-5 sacks will be randomly selected for the weight check:

- (1) Variation from sack to sack;
- (2) Discrepancy in weight between each sack in storage and each sack inspected; and
- (3) Weight of each sack.

**7. Certificate of quality**

A certificate of quality should indicate the following information: manufacturer, product name (aluminum oxide), designation, batch number, date of manufacture, address of manufacturing plant, net weight, product standards (manufacturing standards), chemical composition ( $\text{Al}_2\text{O}_3$ ,  $\text{SiO}_2$ ,  $\text{Fe}_2\text{O}_3$ ,  $\text{Na}_2\text{O}$ ,  $\text{CaO}$ , and  $\text{NaOH}$  content), the content of aluminum oxide particles less than 45  $\mu\text{m}$ , specific surface area, and the relevant testing results.

**SHFE Application Form for Recognized Manufacturers (Aluminum Oxide)****General Information of the Applicant/Manufacturer**

Applicant			
Former Name (If Applicable)			
Registered Address			
Country		Date of Establishment	
Legal Representative			
Contact Department		Contact Person	
Tel.		Email	
Organizational Form			

## Manufacturer Profile

Profile

Note:

The profile may contain the following information: geographical location, corporate history, corporate systems, shareholder and equity information, key products, output, product quality, business advantages, etc.

If more than one manufacturing process is in use, please provide information on all of them.

### Product Profile

Product					
Brand Name (if applicable)			Chinese Brand Name		
Capacity (10,000 MT/Year)		Output in the Year before Last Year (10,000 MT)		Last Year's Output (10,000 MT)	
Current Year's Output (10,000 MT) (Jan to MM)					
Sales Volume in the Chinese Market in the Last Three Years (10,000 MT)			Geographical Breakdown		

1. Latest quality testing report (including the values of various quality indicators)

2. Brand Logo (if available):

Logo Design:

3. Packaging Mark Template (For individual sacks)

Alumina
Date of Manufacture
Net Weight
Manufacturer or Company

### Profile of Manufacturing Plants

Plant Name	Designed Capacity (10,000 MT/Year)	Quality or Environmental Management Systems Certifications	Actual Output in the Past Three Years (10,000 MT)		
			Year before Last Year	Last Year	Current Year

Applicant Seal:

Date: