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

**CHAPTER 1 GENERAL PROVISIONS**

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

**Article 2** These *Aluminum 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 aluminum futures is five (5) metric tons per lot.

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

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

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

**Article 7** Trading hours of an aluminum 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 an aluminum 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 aluminum futures is AL.

**Article 10** For the hedging and arbitrage quotas of an aluminum 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 an aluminum 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 an aluminum 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 an aluminum 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 an aluminum futures contract shall no longer be used in a revolving manner starting from the first trading day of the delivery month.

**CHAPTER 3 DELIVERY**

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

Aluminum futures adopt bonded delivery and duty-paid delivery.

**Article 14** Grade and quality specifications are provided in the *SHFE Aluminum Futures Contract Specifications*.

**Article 15** The deliverable commodity shall be of a registered trademark from a manufacturer registered with the Exchange.

**Article 16** Packaging for deliverable commodity

(i) Packaging: aluminum ingots underlying each delivery unit shall consist of commodity of the same manufacturer, registered trademark, quality grade, shape, and packaged quantity (secured into bundles of similar weight). The registered manufacturer may decide the weight of each bundle at its sole discretion, provided that the bundles can readily yield the delivery unit. Aluminum ingots shall be tightened into bundles with rust-resistant steel straps measuring 30-32 mm × 0.9-1.0 mm in a dual-line grid (#) pattern. The strapping shall be reliable and each bundle shall be marked by a prominent and secure product label, smelting furnace serial number, and weight, which shall not exceed two (2) metric tons.

(ii) If the commodities arrive at the 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.

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

**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 commodity inspection, certificate of payment of import tariff, 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: The underlying aluminum ingots for each standard warrant weigh twenty-five (25) metric tons. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus two percent (±2%). Pound difference shall not exceed plus or minus one-tenth of one percent (±0.1%).

**Article 19** Delivery unit of an aluminum futures contract is twenty-five (25) metric tons.

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

**Article 22** Delivery settlement of bonded standard warrants

(i) A buyer will receive bonded standard warrants in a physical delivery against an expired futures contract, upon settling corresponding commodity payment based on the bonded final settlement price of the contract. This price equals the contract’s tax-inclusive final settlement price, as generated on the contract’s last trading day pursuant to existing rules, minus relevant taxes and fees. The delivery payment for bonded standard warrants shall be calculated on the basis of the delivery quantity and the bonded final settlement price.

Bonded final settlement price = [(tax-inclusive final settlement price - relevant fees)/ (1 + import VAT rate) - consumption tax]/ (1 + import duty rate)

Bonded premiums or discounts = [premiums or discounts/ (1 + import VAT rate)]/ (1 + import duty rate)

Bonded delivery payment = (bonded final settlement price + bonded premiums or discounts) × bonded delivery quantity

(ii) Calculation of the bonded final settlement price for an EFP

EFP bonded final settlement price = [(settlement price of the delivery month contract on the trading day preceding the EFP application day - relevant fees)/ (1 + import VAT rate) - consumption tax]/ (1 + import duty rate)

Bonded premiums or discounts = [premiums or discounts/ (1 + import VAT rate)]/(1 + import duty rate)

EFP bonded delivery payment = (EFP bonded final settlement price + bonded premiums or discounts) × bonded delivery quantity

(iii) The premiums or discounts in these formulas reflect the adjustment to the final settlement price while considering such factors as delivery grade, quality, and location of warehouses. Premiums, discounts, and relevant fees will be separately announced by the Exchange.

If there has been any adjustment to national tax policies, the Exchange may revise the formulas for bonded final settlement price and announce the revised formulas in due course.

**Article 23** For aluminum futures contracts intended for bonded delivery, the Exchange shall announce the tax-inclusive delivery settlement price and the bonded final settlement price of each contract upon its expiration.

**Article 24** Delivery venue: the delivery warehouses of the Exchange, to be separately announced by the Exchange.

**Article 25** After the physical delivery is completed, if the buyer has any dispute over the quality or quantity of the commodity, the buyer shall submit a written request to the Exchange for dispute resolution before the 15th day (including that day) of the month following the delivery month (in case that day falls on a public holiday, the date shall be extended to the first business day after the holiday), together with the quality assay report issued by a Designated Inspection Agency. If no submission is received within the prescribed time, the buyer shall be deemed to have no disputes over the commodity, and the Exchange will no longer accept its relevant request for dispute resolution.

**Article 26** If standard warrants are used for the EFPs of an aluminum 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 assay report issued by a Designated Inspection Agency.

**CHAPTER 4 RISK MANAGEMENT**

**Article 27** The minimum trading margin for an aluminum futures contract is 5%.

**Article 28** The stage-based trading margin rates for aluminum 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 29** The range of price limit for an aluminum futures contract is within ±3% of its settlement price of the preceding trading day.

**Article 30** Percentage-based Position Limit and fixed-amount Position Limit for each aluminum 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 (%) | Total open  interest | Percentage-based Position Limit (%) 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 |
| aluminum | ≥100,000 | 25 | ≥100,000 | 10 | 10 | 3,000 | 3,000 | 1,000 | 1,000 |
| ＜100,000 | 10,000 | 10,000 |

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 31** For contracts in aluminum 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 five (5) 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 five (5) lots.

**Article 32** If the Exchange makes a forced position reduction to an aluminum 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 aluminum futures contracts, of the settlement price of the base date.

(ii) Positions eligible to fill the unfilled orders. The positions eligible to fill the unfilled orders include the net positions, on which the Client, as calculated using the above formula stipulated in the Risk Management Rules of the Shanghai Futures Exchange, records average gains for speculative purposes or for hedging purposes at no less than 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 aluminum 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 aluminum 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 aluminum 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 aluminum 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 33** Matters not covered herein shall be governed by the applicable business rules of the Exchange.

**Article 34** Any violations of these *Aluminum Futures Rules* will be handled by the Exchange in accordance with the *Enforcement Rules of the Shanghai Futures Exchange*.

**Article 35** The Exchange reserves the right to interpret these *Aluminum Futures Rules*.

**Article 36** These *Aluminum Futures Rules* take effect on October 23, 2024.