

# **Detailed Rules for Futures Trading of Zhengzhou Commodity Exchange**

## **Chapter 1 General Provisions**

**Article 1** These Detailed Rules are formulated in accordance with the Trading Rules of Zhengzhou Commodity Exchange for the purposes of regulating futures trading, protecting the legitimate rights and interests of all parties engaged in futures trading and guaranteeing smooth futures trading in Zhengzhou Commodity Exchange (hereinafter “the Exchange”).

**Article 2** The Exchange, members, overseas brokers, clients and overseas traders shall comply with these Detailed Rules.

## **Chapter 2 Seat Management**

**Article 3** The trading seat(s) shall be the channel through which a member can input the trading orders into the Exchange’s electronic trading system and participate in the

auction.

The trading seats of the Exchange are remote trading seats. The remote trading seats shall be the channels through which members can directly input trading orders and participate in the auction at their own business premises via the electronic communication systems connected with the electronic trading system of the Exchange.

The Exchange may set up special trading seats and reach agreements on relevant rights and obligations with the users of these seats depending on the need of business development.

Any private transfer of all or part of the trading seats to other institutions or individuals by contracting, subcontracting, leasing, collateralizing and transferring shall be prohibited.

**Article 4** A member may apply for using a remote trading seat upon acquiring the membership. Remote trading seats can be increased with the approval of the Exchange.

**Article 5** The increase of trading seats shall only refer to the increase of trading channels for a member, and the administrative regulations of the Exchange on the position limit, risk control or any other rules for such member shall be remain unchanged.

**Article 6** The members shall pay for remote trading seats annually based on the number of the seats, and the payment shall not be refunded for any trading seat being deregistered.

The rate of the trading seat fee shall be prescribed by the Exchange separately.

**Article 7** The members applying for the remote trading seats shall satisfy the

following requirements:

I. in good operation condition and have no record of material violations of relevant rules and agreements;

II. the communication and fund transfer conditions of the place where remote trading is to be operated shall satisfy the Exchange's requirements for futures trading operation;

III. have fixed venues for remote trading and necessary facilities for the auction including the electronic trading system, communication system and other software and hardware facilities as well as necessary backup plans;

IV. have well-structured regulation systems and remote trading management measures;

V. comply with relevant technical management specifications prescribed by China Securities Regulatory Commission (hereinafter "the CSRC").

**Article 8** The members applying for remote trading seats shall submit the following documents to the Exchange:

I. application reports on the reasons, qualifications and feasibility for opening remote trading seats;

II. descriptions on their remote trading management systems (including data security management system);

III. configurations of their computer systems, communication systems (including communication lines), system software and application software;

IV. other documents required by the Exchange.

**Article 9** The Exchange shall reply to the applications for the remote trading seats submitted by members within ten (10) business days after receiving them.

**Article 10** The members may apply for conducting simulation tests on their remote trading systems after receiving the Exchange's approval for their remote trading seat applications, and after passing the tests, their remote trading seats can be put into use. The Exchange shall notify the members of the starting date on which their seats could be used.

**Article 11** In case that the remote trading seats of members fail to operate normally during the trading session, the members may apply for using the emergent trading facilities instead.

**Article 12** The members shall strengthen the management of their remote trading seats and the maintenance of their remote trading systems. Any replacement of necessary trading facilities or upgrade of remote trading systems shall be timely reported to the Exchange for approval. The Exchange shall have the right to supervise the use of the remote trading seats. The Exchange shall be held no obligation for any malfunction of the remote trading seats caused by the failure of public communication network or third-party trading software.

**Article 13** The Exchange shall be held no obligation for any malfunction of the emergent trading terminals or the front servers which results in the replacement of trading facilities of members or the reconnection to the Exchange's trading system if such errors are not caused by the Exchange.

**Article 14** The Exchange may deregister the trading seat(s) of a member in any of the following circumstances:

I. the member submits a termination application for the use of the trading seat(s) and the application is approved by the Exchange;

II. the member is found to contract, subcontract, lease or transfer the trading seat(s) in private;

III. the member materially violates relevant rules and regulations due to disordered management;

IV. the member steals the confidential information or damages the trading system by using the trading seat(s).

**Article 15** If the membership of a member is cancelled by the Exchange, then all the trading seats of the member shall be removed.

**Article 16** The Exchange shall suspend all members' trading activities if more than 10% of the members cannot trade due to a malfunction of the trading facilities such as the electronic trading system or the communication systems. The Exchange shall not resume trading until such malfunction has been solved.

### **Chapter 3 Trading Code System**

**Article 17** The Exchange shall implement the trading code system.

The trading codes shall refer to the special codes for futures trading allocated by the Exchange to members and clients. They shall be the basis for trading, clearing, delivery and registered receipt confirmation.

**Article 18** The 12-digit trading code shall be consisted of the member code and the

client code, and the first four digits are the member code and the rest eight digits are the client code.

**Article 19** A non-futures brokerage member (hereinafter “non-FB member”) shall have only one trading code in principle, and if additional trading codes are needed, the FB member shall submit an explanation to the Exchange. The Exchange shall decide whether or not to allocate additional codes to the member based on trading conditions.

**Article 20** A client shall not simultaneously have more than one client code in the Exchange while it may open more than one account at different FB members and overseas brokers, and these trading codes shall share the same client code with different member codes.

Overseas clients shall refer to the overseas traders who may open trading accounts directly at the FB members of the Exchange or through the overseas brokers which appoint the Exchange’s FB members to open accounts for their clients, while the overseas clients shall not simultaneously take both the above methods and open more than one account at one FB member, nor shall they appoint more than one overseas broker to open accounts at the same FB member.

The overseas traders mentioned in the preceding paragraph shall be subject to the provisions applicable to clients when trading specified futures products unless other provisions are stipulated in the business rules of the Exchange.

**Article 21** According to the requirements of China Futures Market Monitoring Center Co., Ltd. (hereinafter “the CFMMC”), the FB members and overseas brokers shall apply for and deregister the trading codes for the clients via the unified account management system of the CFMMC.

**Article 22** The FB members and the overseas brokers shall ensure that the profiles of their clients are authentic, legitimate, effective and accurate, and shall properly keep the documents on the opening, changing and deregistration of accounts provided by

the clients.

**Article 23** If the information provided by the clients are not authentic or if the clients are prohibited from entering the futures market, the Exchange may suspend the clients from establishing new positions, liquidating their positions within a limited time period and deregister their trading codes.

**Article 24** If the non-FB members and the clients provide or use fake documents to open accounts or if the FB members or overseas brokers assist the clients in providing or using fake documents to open accounts, the Exchange shall order the FB members or overseas brokers to liquidate positions within a limited time period, and shall deregister the trading codes of the FB members or overseas brokers after position liquidation. Such behaviors shall be dealt with according to the regulations of the Measures for Penalties for Violations of Zhengzhou Commodity Exchange.

## **Chapter 4 Trading Orders and Prices**

**Article 25** Futures trading orders shall be categorized into limit orders, market orders, spread orders, cancel orders and other orders prescribed by the Exchange.

Limit orders shall be the orders to strike a deal at limited price or better price. After the auction is closed, the unfilled limit orders shall continue participating in the market after opens.

Market orders do not have a specified price at which the orders shall be executed, and

under such orders, a deal shall be filled at the best price (quoted price) available in the market. Market orders shall not participate in the opening auction, and during trading hours, market orders shall be executed prior to limit orders. When there is only buying (selling) price and no corresponding selling (buying) price in the market, then unfilled market orders shall be cancelled automatically.

Spread orders shall be classified into calendar spread orders and inter-commodity spread orders. Under calendar spread orders, a trader may simultaneously buy (sell) and sell (buy) two futures contracts that are of different delivery dates and with the same underlying commodity. Under inter-commodity spread orders, a trader may simultaneously buy (sell) and sell (buy) two futures contracts with different underlying commodities. Spread orders shall not participate in the auction. When there is only buying (selling) price and no corresponding selling (buying) price in the market, no spread order shall be placed.

The products to which the inter-commodity spread orders are applicable shall be announced by the Exchange separately.

Cancel orders shall refer to the orders with which investors may cancel a specific order.

The minimum order size per time shall be 1 lot. The maximum order size per time of a limit order shall be 1000 lots and the maximum order size per time of a market order shall be 200 lots.

**Article 26** The Exchange shall timely publish the following information related to trading:

I. opening price, which shall refer to the trading price of a futures contract generated from the auction within five (5) minutes prior to the opening of the market. If no trading price is generated from auction, the first trading price after the auction shall be the opening price. The first trading price shall be determined according to the



order-matching regulations prescribed in the Trading Rules of Zhengzhou Commodity Exchange, and the previous trading price shall be the closing price of the previous trading day.

II. closing price, which shall be the last trading price of a futures contract on a trading day.

III. highest price, which shall be the highest trading price among all the trading prices of a futures contract within a certain time period.

IV. lowest price, which shall be the lowest trading price among all the trading prices of a futures contract within a certain time period.

V. latest price, which shall be the real-time trading price of a futures contract during the trading hours on a trading day.

VI. price change, which shall be the difference between the latest price of a futures contract during the trading hours and the settlement price of the contract on the previous trading day.

VII. highest buying price, which shall be the highest real-time price of a certain futures contract at which the buyers apply for buying on a trading day.

VIII. lowest selling price, which shall be the lowest real-time price of a futures contract at which the sellers apply for selling on a trading day.

IX. buying volume, which shall be the quantity of positions in a futures contract covered by the unfilled buy order with the highest price in the trading system of the Exchange on a trading day.

X. selling volume, which shall be the quantity of positions in a futures contract covered by the unfilled sell order with the lowest price in the trading system of the Exchange on a trading day.

XI. settlement price, which shall be the weighted average price of all the trading prices of a futures contract on a trading day based on the trading volume. If there is no trading price generated on a trading day, the settlement price shall be calculated based on relevant regulations of the Detailed Rules for Futures Clearing of Zhengzhou Commodity Exchange. The settlement price shall be the basis for the calculation of profit and loss of outstanding positions of a trading day and the determination of price limit of the next trading day.

XII. trading volume, which shall be the total number of contracts bought and sold during the trading hours on a trading day.

XIII. open interest, which shall be the total number of outstanding contracts held by both buyers and sellers.

**Article 27** The opening auction shall be conducted within five (5) minutes before the market open of a trading day for a contract of a certain product and a certain delivery month. The first four (4) minutes of the auction shall be the time for placing buy and sell orders and the remaining one (1) minute shall be the time for order matching. The opening price shall be generated at the time of market open.

The trading system shall automatically control the beginning and the ending of the auction and shall display the auction process in computer terminals.

**Article 28** The principle of the maximization of the trading volume shall apply to the auction session, namely the price generated from the opening auction shall be able to match the greatest amount of trading orders.

**Article 29** The unfilled orders placed during the opening auction shall automatically participate in the matching process of the trading session.

**Article 30** The Exchange's electronic order-matching system shall match buy and sell orders under the principle of price priority and time priority. When the buying price is

higher than or equal to the selling price, then the orders will be automatically matched, and the trading price shall be equal to the middle one among the buying price (hereinafter “bp”), the selling price (hereinafter “sp”) and the closing price of the previous trading day (“cp”), that is,

Where  $bp \geq sp \geq cp$ , the latest closing price = sp

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## **Chapter 5 Information Management**

**Article 31** Futures trading information of the Exchange shall include all market data of all listed products generated from the futures trading activities of the Exchange as well as various information published by the Exchange and the CSRC.

**Article 32** The ownership of futures trading information shall belong to the Exchange. No organizations or individuals shall disclose any futures trading information or use futures trading information for commercial purpose without the Exchange’s permission.

**Article 33** The Exchange shall provide real-time, daily, weekly, monthly and annual futures trading information to members, clients and the public.

**Article 34** The real-time information shall include name of contract, delivery month,

latest price, price variation, trading volume, open interest, change in open interest, buying price, selling price, buying volume, selling volume, trading volume of each trade, settlement price, opening price, closing price, highest price, lowest price and the previous settlement price.

The real-time information shall be published by the Exchange during trading hours and be synchronized with trading activities.

**Article 35** The daily information shall include:

I. daily quotes: name of the contract, delivery month, opening price, highest price, lowest price, closing price, the previous settlement price, settlement price, price variation, trading volume, open interest, change in open interest and turnover;

II. trading volumes and open interests of top 20 members in the nearby delivery month and active months, volumes of exchange for physicals in all months and hedging position quotas and open interests of all products;

III. quantities of registered receipts of all listed products and the increases and decreases of such quantities compared to those published last time;

IV. results of delivery matching and physical delivery volume.

The daily futures trading information shall be published by the Exchange after the market close of each trading day.

**Article 36** The weekly information shall include: name of contract, delivery month, weekly opening price, highest price, lowest price, weekly closing price, price variation (the difference between week-end closing price and the settlement price of the previous week-end), open interest, change in the open interest (the difference of open interests between this week-end and the previous week-end), week-end settlement price, trading volume and turnover.

The weekly futures trading information shall be published by the Exchange after the market close of the last trading day of each week.

**Article 37** The monthly information shall include:

I. monthly quotes: name of contract, delivery month, monthly opening price, highest price, lowest price, month-end closing price, price variation (the difference between month-end closing price and the settlement price of the previous month-end), open interest, change in open interest (the difference of open interests between this month-end and the previous month-end), month-end settlement price, trading volume and turnover;

II. total trading volume and turnover of all listed products and trading volumes and turnovers for each product;

III. monthly delivery volume.

The monthly futures trading information shall be published by the Exchange after the market close of the last trading day of each month.

**Article 38** The annual information shall include:

I. total trading volume and trading value of all products and trading volumes and trading values for each product;

II. rankings of members by trading volume and turnover;

III. total delivery volume and volume of exchange for physicals of all products and delivery volumes and volumes of exchange for physicals for each product.

The annual futures trading information shall be published by the Exchange after the market close of the last trading day of each year.

**Article 39** The Exchange's real-time futures quotes shall be transmitted to the trading seats through computer networks and be released to the public through relevant public media and information providers that have signed agreements with the Exchange.

**Article 40** The Exchange shall establish a real-time pricing system and real-time reporting system through effective communicative means.

**Article 41** The Exchange and members shall have the obligations to keep confidential certain trading materials and fund information that are prohibited for disclosure.

**Article 42** The Exchange shall be held harmless if the regular trading of members or clients is affected due to the information distortion arising from the disclosure of the Exchange's trading information by information providers or public media.

**Article 43** No organizations or individuals shall be allowed to release any false or misleading information.

## **Chapter 6 Supplementary Provisions**

**Article 44** The Exchange shall handle any violation of these Detailed Rules in accordance with the Measures for Penalties for Violations of Zhengzhou Commodity Exchange.

**Article 45** In case that special regulations are stipulated in the Detailed Rules for Trading in Night Session of Zhengzhou Commodity Exchange on the trading activities related to night session, the special regulations shall prevail.

**Article 46** The Exchange shall reserve the right to interpret these Detailed Rules.

**Article 47** These Detailed Rules shall enter into force from November 9, 2018.

**(The English version is for reference ONLY. The Chinese version shall prevail if there is any inconsistency.)**