# Appendix 13:

# DELIVERY RULES OF THE SHANGHAI FUTURES EXCHANGE

# (revised)

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These *Delivery Rules* are made in accordance withthe *General Exchange Rules of the Shanghai Futures Exchange* and relevant rules of the Shanghai Futures Exchange (the “Exchange”) to ensure the normal conduct of physical delivery against futures contracts traded on the Exchange and regulate physical delivery activities.

**Article 2** These *Delivery Rules* apply to delivery activities at the Exchange. The Exchange, its Members, Overseas Special Participants, Overseas Intermediaries, Clients, Delivery Storage Facilities, and Designated Inspection Agencies shall observe these *Delivery Rules*.

**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.

Physical delivery against futures contracts is classified by whether customs duty has been paid for the underlying commodity into bonded delivery and duty-paid delivery. “Duty-paid delivery” refers to the physical delivery of a futures contract’s underlying commodity that can be traded in the domestic market and for which the relevant duty has been paid. “Bonded delivery” refers to the physical delivery of a futures contract’s underlying commodity that is under supervision as bonded goods in a customs special supervision area or a bonded supervision premise.

Physical delivery against futures contracts is classified by where the delivery takes place into Warehouse Delivery, Factory Delivery, and delivery at other facilities. “Warehouse Delivery” refers to physical delivery completed by the buyer and the seller through warehouse standard warrants in accordance with the prescribed procedures. “Factory Delivery” refers to physical delivery completed by the buyer and the seller through factory standard warrants in accordance with the prescribed procedures.

**Article 4** Non-deliverable positions include positions held by a natural-person Client, positions not of an integral multiple of the delivery unit, positions held by an institutional Client that is unable to deliver or receive VAT invoices, positions where a corresponding standard warrant account has not been opened as of the last trading day, and other positions specially recognized by the Exchange.

A natural-person Client shall hold zero (0) lot of a futures contract after market close on the fifth trading day prior to the last trading day of the contract. Starting from the fourth trading day before the last trading day, any position held by the natural-person Client will be force-liquidated in accordance with the rules of the Exchange.

Clients, Non-FF Members, and Overseas Special Non-Brokerage Participants shall hold zero (0) non-deliverable positions in a futures contract after market close on the last trading day of the contract.

To the extent of any inconsistency between this provision and the particular product rules, the product rules shall prevail.

**Article 5** After market close on the last trading day of a futures contract, outstanding non-deliverable positions will be handled in the following sequence:

(i) The Exchange will impose a fine equaling twenty percent (20%) of the contract value calculated at the final settlement price on each of the buyer and the seller holding the non-deliverable positions;

(ii) Based on the disparity in the non-deliverable positions held by the buyer and the seller and whichever party holding a larger position, the Exchange will pay an amount equaling twenty percent (20%) of the contract value calculated at the final settlement price to the counterparty holding the deliverable positions;

(iii) The open positions described in sub-paragraphs (i) and (ii) will be closed out without proceeding to delivery.

**Article 6** The method of physical delivery for a particular futures contract is governed by the futures rules for that product.

## CHAPTER 2 DELIVERY PROCEDURES

**Article 7** 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.

**Article 8** Physical delivery shall be completed within the delivery period provided in the futures contract. The delivery period refers to the two (2) consecutive business days immediately following the last trading day of the contract. The two (2) delivery days are referred to as the first and second delivery day respectively. The second delivery day is the last delivery day.

To the extent of any inconsistency between these *Delivery Rules* and the futures rules for the particular products, the product rules shall prevail.

**Article 9** Delivery Procedures:

(i) The first delivery day

1. Buyers submit *Notice of Intention*. Buyers submit a *Notice of Intention* to the Exchange for accepting the commodities. The *Notice of Intention* shall indicate such information specified in the standard warrant management system as the products, grade (designation), quantity, and the names of the Delivery Storage Facilities.

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

1. 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.

2. Buyers pay and obtain the warrants. Buyers shall make the delivery payment to the Exchange before 2:00 p.m. and obtain the standard warrants.

3. Sellers receive the delivery payment. The Exchange shall transfer the delivery payment to the sellers before 4:00 p.m. This time limit may be extended by the Exchange under special circumstances.

To the extent of any inconsistency between these *Delivery Rules* and the futures rules for the particular products, the product rules shall prevail.

**Article 10** A standard warrant submitted as part of the physical delivery process shall be transferred in the following procedures:

(i) the seller authorizes, through the standard warrant management system, its carrying Futures Firm Member (“FF Member”) to submit the standard warrant for physical delivery;

(ii) the carrying FF Member submits the standard warrant to the Exchange;

(iii) the Exchange allocates the standard warrant to the carrying FF Member of the buyer; and

(iv) the carrying FF Member of the buyer allocates the standard warrant to the buyer. The buyer’s carrying Member shall allocate the standard warrants allocated to its name to the buyer on or before the last delivery day or, if it is unable to do so on time, report the reasons to the Exchange.

**Article 11** If, upon the completion of physical delivery, the buyer is dissatisfied with the quality or quantity of the commodity, the provisions of the futures rules for the relevant product shall apply.

**Article 12** 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 AT DELIVERY WAREHOUSES

**Article 13** An owner that intends to ship any commodity to a 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, the name of the owner, and the name of the Delivery Warehouse, along with all required documentations.

A Client shall authorize its FF Member as the agent to handle all procedures with respect to the delivery notice (load-in application).

**Article 14** 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 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 15** Upon the arrival of the commodity, the 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 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 Delivery Warehouse on the inspection result.

**Article 16** When the legitimate holder of a standard warrant applies to take delivery, the Delivery Warehouse shall make the delivery after verifying the standard warrant is valid. The owner may take delivery directly or by authorizing the Delivery Warehouse to deliver the commodity to a third party. In the latter case, the owner shall oversee the delivery at the Delivery Warehouse. Otherwise, the owner shall be deemed to have confirmed the delivery made by the Delivery Warehouse.

**Article 17** While delivering the commodities, the 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 EXCHANGE OF FUTURES FOR PHYSICALS

**Article 18** 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, the warrants or other take-delivery certificates for such quantity and type of commodities and in such trading direction as corresponding to the underlying commodities of the futures contract.

To the extent of any inconsistency between these *Delivery Rules* and the futures rules for the particular products, the product rules shall prevail.

**Article 19** 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.

Members and Clients may publish their EFP intents through the standard warrant management system. Each intent shall specify, among others, the Client code, product, contract month, trading direction, EFP settlement method, quantity, and contact information. Buyers and sellers may reach EFP agreement on their own based on the EFP intents published.

After the buyer and the seller (or their carrying Members) holding opposite positions on a futures contract of the same delivery month reach an EFP agreement, either of them may submit an EFP application to the Exchange via the standard warrant management system before 2:00 p.m. on any trading day within the aforementioned period. The EFP is executed after the application is confirmed by the other party and approved by the Exchange.

**Article 20** 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 21** The final settlement price for an EFP is the price agreed by the buyer and the seller (or their carrying Members).

**Article 22** The positions of a futures contract held by the buyer and the seller to an EFP shall be closed out by the Exchange by 3:00 p.m. on the application day at the settlement price of the previous trading day for the corresponding contract.

**Article 23** For any EFP that is settled through standard warrants via the Exchange, the trading margin of the EFP shall be calculated based on the settlement price of the trading day prior to the application day for the corresponding contract.

**Article 24** For any EFP that is settled through standard warrants via the Exchange, payment and delivery of the standard warrants shall be completed within the Exchange by 2:00 p.m. on the first trading day after the application day.

**Article 25** The procedures for an EFP settled through standard warrants and via the Exchange are as follows:

(i) Authorization from the seller. The seller shall first authorize its carrying FF Member to handle its standard warrants for the EFP.

(ii) Submission of standard warrants by the seller’s carrying Member. The seller’s carrying Member submits the standard warrants to the Exchange within the prescribed time period.

(iii) The Exchange assigns the standard warrants to the buyer’s carrying Member.

(iv) After the buyer’s carrying Member makes the delivery payment, the Exchange releases the standard warrants assigned to the buyer’s carrying Member and transfers the delivery payment to the seller’s carrying Member.

(v) The buyer’s carrying Member shall, within three (3) business days after receiving the standard warrants, allocate them to the relevant Client or, if it is unable to do so on time, report the reasons to the Exchange.

**Article 26** For any EFP that is settled via the Exchange,the delivery payment may be made through in-house transfer or bank transfer.

To the extent of any inconsistency between these *Delivery Rules* and the futures rules for the particular products, the product rules shall prevail.

**Article 27** For any EFP that is settled through standard warrants by the buyer and the seller themselves, the delivery payment shall be made by the buyer directly to the seller; the standard warrants shall be delivered either in accordance with the procedures for off-the-exchange transfer of standard warrants, or by the seller directly to the buyer upon taking delivery.

**Article 28** For any EFP that is settled through standard warrants via the Exchange, the seller shall submit the VAT special invoice to the Exchange within five (5) business days after completing the EFP procedures. If the seller submits the invoice before 2:00 p.m., the Exchange shall refund the corresponding margin to the seller after verification; if the seller submits the invoice after 2:00 p.m., 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*.

To the extent of any inconsistency between these *Delivery Rules* and the futures rules for the particular products, the product rules shall prevail.

**Article 29** For any EFP that is settled through standard warrants via the Exchange, if the delivery is not completed within the time specified in this Chapter, the rules on delivery default shall apply.

**Article 30** For any EFP that is settled through non-standard warrants, the final settlement price shall be as agreed between the buyer and the seller. The buyer and the seller shall abide by applicable laws and regulations of the state and furnish the sales agreement, non-standard warrants, and other relevant materials.

The delivery payment, non-standard warrants, and VAT invoice shall be delivered by the buyer and the seller themselves.

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

**Article 32** The Exchange shall timely publish relevant information on EFPs.

## CHAPTER 5 BONDED DELIVERY

**Article 33** “Bonded standard warrant” refers to a certificate that is issued by a Bonded Delivery Warehouse, within the Exchange’s standard warrant management system in accordance with the procedures prescribed by the Exchange, for taking delivery of bonded commodities.

“Bonded Delivery Warehouse” refers to a bonded facility, either an enterprise legal person or an unincorporated organization, designated by the Exchange for the bonded delivery against futures contracts.

**Article 34** A bonded standard warrant used in a physical delivery process through the Exchange is negotiated by the same procedures as a duty-paid standard warrant in a physical delivery process through the Exchange.

**Article 35** Any bearer of bonded standard warrants that needs to complete import declaration for the bonded commodities shall do so in accordance with the rules of the customs. The bonded delivery settlement statement and bonded standard warrant statement will be issued to the bearer upon the cancellation of the bonded standard warrants. The declared commodities and their quantity shall be consistent with the information shown on the bonded delivery settlement statement and bonded standard warrant statement.

**Article 36** The VAT invoice for a delivery with bonded standard warrants shall be in such format and contain such information as prescribed by the Exchange.

**Article 37** The products deliverable through bonded delivery are as specified in the futures rules for the particular products. Any matters related to bonded delivery that are not covered by these *Delivery Rules* are governed *mutatis mutandis* by the relevant provisions of the rules of the Exchange.

## CHAPTER 6 CHARGES AND FEES

**Article 38** Parties to a physical delivery shall pay delivery fees to the Exchange. The fee rates for each future product will be determined and separately announced by the Exchange.

**Article 39** The fee schedule that the Delivery Warehouse applies to the load-in, load-out, and storage of commodity shall be approved by the Exchange.

**Article 40** Among the service fees for which a 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 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 on or before the last delivery day shall be borne by the seller, while the fees incurred thereafter shall be the responsibility of the buyer. The 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 Delivery Warehouse. Advance payment is allowed.

The fee rates of Delivery Warehouses will be determined and separately announced by the Exchange.

## CHAPTER 7 DEFAULT

**Article 41** 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 delivery payment in the required amount within the specified delivery period; or

(iii) Other acts the Exchange deems as delivery default.

**Article 42** 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) = (delivery payment due – delivery 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 43** Once a delivery default occurs, the Exchange shall notify the defaulter and the non-defaulter via the member service system before 4:30 p.m. on the day of default. Such notice shall be deemed to have been received upon being sent.

**Article 44** 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 45** 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 46** When a delivery is terminated, the Exchange’s obligations to guarantee the delivery shall be dismissed.

**Article 47** If a Member commits a partial delivery default, the standard warrants or the delivery payment for commodities the defaulting Member receives may be used for default resolution.

**Article 48** If a buyer commits a deliver default and its carrying Member completes the delivery on the buyer’s behalf, the Exchange may, upon approving the Member’s application, transfer the corresponding standard warrants to the Member’s standard warrant account, which may then lawfully disposed of by the Member.

**Article 49** If a Member defaults on physical delivery, it shall be subject to the provisions prescribed in the Enforcement Rules of the Shanghai Futures Exchange.

**Article 50** The defaulting Member and the relevant Delivery Storage Facility are obligated to provide relevant supporting materials regarding such default. Refusal by the Member to provide such materials will not affect the determination that a default has occurred.

**Article 51** Disputes between an owner and a Delivery Storage Facility as to the conclusions of commodity inspection may be resolved themselves through a joint inspection or by requesting the Exchange to appoint a designated inspection agency to conduct a re-inspection, in which case the conclusions drawn from the re-inspection will be the basis for resolving the dispute.

**Article 52** If either or both of the buyer and the seller is/are unable to perform all or part of its/their obligations due to force majeure, it/they may be partially or fully exempt from the liabilities for breach of contract based on the extent to which it was/they were adversely affected by the force majeure.

## CHAPTER 8 MISCELLANEOUS

**Article 53** To the extent of any inconsistency between these *Delivery Rules* and the futures rules for the particular products, the product rules shall prevail.

**Article 54** Rules governing the trading of spot contracts and standard warrants will be separately prescribed by the Exchange.

**Article 55** In these *Delivery Rules*, “duty-paid standard warrants” and “tax-inclusive final settlement price” mean the standard warrants and the final settlement price defined in the *Articles of Association of the Shanghai Futures Exchange*, the *General Exchange Rules of the Shanghai Futures Exchange*, and other rules of the Exchange.

**Article 56** Any violation of these *Delivery Rules* will be handled by the Exchange in accordance with the *Enforcement Rules of the Shanghai Futures Exchange*.

**Article 57** The Exchange reserves the right to interpret these *Delivery Rules*.

**Article 58** These *Delivery Rules* take effect on August 8, 2025.