# OFFSET PAPER FUTURES RULES OF THE SHANGHAI FUTURES EXCHANGE

## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These *Offset Paper Futures Rules* are made in accordance with the *General Exchange Rules of the Shanghai Futures Exchange*, the *SHFE Offset Paper Futures Contract*, and the relevant business rules to regulate business related to offset paper futures at the Shanghai Futures Exchange (the “Exchange”).

**Article2** These Offset Paper 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 offset paper futures is forty (40) metric tons per lot.

**Article 4**  Price quotation of an offset paper futures contract is RMB yuan/metric ton.

**Article 5** Minimum price fluctuation of an offset paper futures contract is two (2) yuan/metric ton.

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

**Article 7** Trading hours of an offset paper 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 offset paper 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 another month specially designated by the Exchange.

**Article 9** Contract symbol of offset paper futures is OP.

**Article 10** For the hedging and arbitrage position quotas of an offset paper futures contract, regular months run from the day of listing to the last trading day of the second month before the delivery month; nearby delivery months are the month before the delivery month and the delivery month itself.

**Article 11** An application for a regular month hedging position quota of an offset paper 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 position quota of an offset paper 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 position quota of an offset paper 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 position quota of an offset paper futures contract shall no longer be used in a revolving manner starting from the first trading day of the delivery month.

## CHAPTER 3 DELIVERY

### SECTION 1 GENERAL RULES

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

Offset paper futures adopt duty-paid delivery.

**Article 14** The grade and quality specifications for deliverables of offset paper futures are provided in the *Offset Paper Futures Contract of the Shanghai Futures Exchange*. Offset paper intended for physical delivery shall be double-sided offset printing paper (“offset paper”) with a grammage of 65 g/m2, 70 g/m2, 75 g/m2, or 80 g/m2.

**Article 15** Deliverable offset paper shall be a product certified by the Exchange. Such products will be certified and announced by the Exchange.

**Article 16** Packaging

(i) The offset paper underlying each standard warrant shall consist of commodity of the same manufacturer, brand, grammage, and width, and have dates of production spanning no more than fifteen (15) consecutive days. The earliest of such dates shall be taken as the date of production on the standard warrant.

(ii) Deliverable offset paper shall be packaged in rolls and meet the packaging requirements for commodities certified by the Exchange. Each roll of offset paper intended for delivery shall have a reel diameter of 1,050 ± 50 mm and a core diameter of 76 ± 0.5 mm. The outer packaging shall have a conspicuous identification label indicating such information as the product name, weight, and specifications.

(iii) Offset paper intended for delivery shall have a uniform fiber distribution and flat surface, free from folds, wrinkles, damage, holes, light spots, tears, stains, sand, hard lumps, obvious felt marks, fish scale marks, pinholes visible against a light source, or loose powder or lint.

(iv) The offset paper that, for the purpose of delivery, undergoes testing in the same inspection lot shall have uniform color without noticeable color difference, with ΔE no higher than 2.0. Offset paper intended for delivery shall have no more than one (1) sheet break per roll. Splices shall be securely joined by adhesives and clearly marked.

**Article 17** Required documentation for deliverable commodity

(i) Domestic commodity: the certificate of inspection issued by a Designated Inspection Agency and other relevant materials.

(ii) Imported commodity: the certificate of inspection issued by a Designated Inspection Agency; the customs declaration form, certificate of VAT withholding by the customs, bill of lading, and certificate of quality corresponding to the imported commodity; and other relevant materials. These documents are deemed valid only after being verified by the Exchange.

If there has been any change to national policies on tax, commodity inspection, or other relevant matters, the updated policies shall prevail. In such circumstances, the Exchange will separately announce the updated documentation requirements for imported products.

**Article 18** Tolerance

The weight in a delivery of offset paper shall be as indicated by the packaging label. Difference between standard warrant weight and actual delivery weight shall not exceed plus or minus one point five percent (±1.5%). Each standard warrant shall indicate the weight of the commodity and the number of rolls.

**Article 19** Delivery unit for an offset paper futures contract is forty (40) metric tons per standard warrant. Delivery shall be made in integral multiple(s) of the delivery unit.

**Article 20** Delivery period of an offset paper 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 offset paper futures contract is the arithmetic average of the settlement prices of the contract on the last five (5) trading days on which it has been executed.

**Article 22** Delivery venue: the delivery warehouses and delivery factories of the Exchange, to be separately announced by the Exchange.

**Article 23** If standard warrants are used for an EFP and the EFP is settled via the Exchange, and a dispute over the quality of the deliverable 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 inspection report issued by a Designated Inspection Agency.

### SECTION 2 WAREHOUSE DELIVERY

**Article 24** The offset paper arriving at a delivery warehouse shall have complete and clean packaging. The delivery warehouse shall check the whole shipment at load-in acceptance. Any commodity that has a cosmetic defect which affects the use of the paper, such as detrimental creases, pinholes, damages, or holes or shows signs of moisture, significant contamination, or severe packaging damage shall be rejected and not enter the delivery process.

**Article 25** Deliverable offset paper underlying each standard warrant shall be stacked in storage areas which hold one hundred and twenty (120) metric tons each.

**Article 26** Load-in and load-out inspection

(i) Offset paper arriving at a delivery warehouse shall be inspected for quality by a Designated Inspection Agency. The quality indicated on the quality inspection report issued by the Designated Inspection Agency is conclusive; a standard warrant may be issued only if inspection indicates that the commodity meets the quality specifications prescribed by the Exchange. The owner shall ensure that the commodity loaded in meets the quality specifications prescribed by the Exchange.

(ii) Quality inspections shall be conducted by sampling method. Samples shall be taken only within the delivery warehouse and not at stations, docks, or any other mid-transit stages. Up to one hundred and twenty(120) metric tons of commodity form one inspection lot; any unit above one hundred and twenty (120) metric tons shall be divided into multiple inspection lots. The offset paper in each inspection lot shall be of the same manufacturer, brand, and grammage, and have dates of production spanning no more than fifteen (15) consecutive days. The earliest of such dates shall be taken as the date of production for the inspection lot.

(iii) The delivery warehouse shall provide cooperation during an inspection by the Designated Inspection Agency, and shall double-check the number and weight of offset paper packages loaded in and out.

**Article 27** Validity period of standard warrant

(i) Domestically produced offset paper intended for physical delivery: the offset paper shall be loaded in within three (3) months of its date of production. The standard warrant is valid till December 31 of the same year if the date of production is on or before June 30, and till June 30 of the next year if it is on or after July 1. Standard warrants beyond the validity period shall be cancelled, with the corresponding commodity converted to spot goods.

(ii) Imported offset paper intended for physical delivery: the offset paper shall be loaded in within three (3) months of its port arrival date. The standard warrant is valid till December 31 of the same year if the arrival date is on or before June 30, and till June 30 of the next year if it is on or after July 1. Standard warrants beyond the validity period shall be cancelled, with the corresponding commodity converted to spot goods.

**Article 28** After the physical delivery is completed, if the buyer has any dispute over the quality or quantity of the commodity (any offset paper in dispute shall remain in the delivery warehouse), the buyer shall submit a written request to the Exchange for dispute resolution on or before the 15th day of the month following the delivery month (postponed to the first business day thereafter if that day falls on a public holiday), together with the quality inspection report issued by a Designated Inspection Agency. If no submission is received within the prescribed time, the buyer is deemed to have no dispute over the commodity, and the Exchange will no longer accept its relevant request for dispute resolution.

### SECTION 3 FACTORY DELIVERY

**Article 29** Application

Before issuing any factory standard warrants, a Factory shall submit an issuance notice to the Exchange, specifying such information as the product, name of the carrying Member, name of the owner, the quantity of standard warrants to be issued, the commodity brand, and the take-delivery location.

**Article 30** The delivery validity period for a factory standard warrant is twelve (12) months from the date of issuance; factory standard warrants beyond this validity period may not be used in futures delivery. The owner shall, before a factory standard warrant expires, either apply for taking delivery or convert the factory standard warrant into a bill of lading for spot goods, and then cancel the factory standard warrant. Following the expiration of a factory standard warrant, the corresponding commodity will be converted into spot goods and the factory standard warrant will be cancelled automatically. The method of take-delivery shall be jointly determined by the Factory and the owner.

**Article 31** Application for taking delivery

(i) An owner who intends to take delivery shall submit an application through the Standard Warrant Management System to the intended Factory before the 20th day of the month preceding the proposed take-delivery month. The application shall specify such information as the grammage, width, and quantity of the commodity; the proposed take-delivery date, method, and plan (including daily quantity); and the identification and contact information of the delivery taker.

(ii) The Factory shall confirm the owner’s application within three (3) business days of receiving it based on, among others, the owner’s proposed grammage, width, take-delivery date, and take-delivery plan.

If the owner’s proposed take-delivery date coincides with that of other owners holding factory standard warrants and their total daily take-delivery quantity exceeds the daily shipment quantity of the Factory, then the Factory may make an overall arrangement for shipment considering the order of their submission of applications and their take-delivery plans. The Factory shall also provide the owner with a take-delivery time period to choose from and a corresponding shipment plan (including daily shipment quantity) within three (3) business days after the owner’s submission of application. If agreeing to the arrangement, the owner may choose one day from the said period as the take-delivery date and confirm the shipment plan. If not, the owner may renegotiate with the Factory until they agree on a take-delivery date and a shipment plan. If the negotiation fails, the Factory shall ship the commodity in the order of take-delivery dates; if the take-delivery dates fall into the same day, the Factory shall ship the commodity in the order of applications.

(iii) The Factory shall be exempt from any financial liability for any owner’s delay in taking delivery due to the coincidence described in sub-paragraph (ii), provided that the Factory shall timely report such delay and its causes to the Exchange for written record.

**Article 32** Production date and port arrival date of load-out commodity

If the load-out commodity is domestically produced offset paper, its date of production shall be within three (3) months before the take-delivery date confirmed by the owner and the Factory.

If the load-out commodity is imported offset paper, its port arrival date shall be within three (3) months before the take-delivery date confirmed by the owner and the Factory.

**Article 33** Settlement for tolerance

The weight of load-out commodity is determined by the weight indicated on its packaging label.

**Article 34** An owner shall take delivery at the Factory on the agreed take-delivery date according to the shipment plan. If the owner misses the agreed take-delivery date but takes delivery within twenty-five (25) days (including the 25th day) thereafter or if the owner fails to take delivery according to the agreed daily take-delivery plan due to any reasons not attributable to the Factory, then the Factory shall remain responsible for the quality of the commodity according to the quality standards set out in the offset paper futures contract, and shall make an overall shipment plan based on the take-delivery quantities of all owners until all corresponding commodities are shipped. The owner shall pay the overdue fee to the Factory.

Overdue fee = 2 yuan/metric ton per day × quantity of commodity that should have been taken × number of days overdue

Any shipment delay caused by the owner shall be resolved as agreed between the parties if they reach a separate agreement.

**Article 35** If an owner fails to take delivery at the Factory within twenty-five (25) days (including the 25th day) after the agreed take-delivery date, which leads to the cancellation of its factory standard warrants, then the underlying commodities will be converted into physical products, and the owner shall pay an overdue fee to the Factory and negotiate details for taking delivery with the Factory.

Overdue fee = 35 yuan/metric ton × quantity of commodity that should have been taken

**Article 36** If an owner takes delivery on the agreed take-delivery date at the Factory, but the Factory fails to ship the commodity according to the agreed shipment plan but still completes the shipment within twenty-five (25) days (including the 25th day) after the agreed take-delivery date, then the Factory shall pay compensation to the owner.

Compensation = 50 yuan/metric ton × quantity of commodity that should have been shipped according to the daily shipment plan

**Article 37** If the Factory fails to complete the shipment within twenty-five (25) days (including the 25th day) after the agreed take-delivery date, the owner may choose either of the followings:

(i) On the 25th day after the agreed take-delivery date, the owner may notify the Factory that it will cease accepting any commodity that should have been shipped from the 26th day after the agreed take-delivery date, and the Factory shall refund the corresponding commodity payment and pay additional compensation to the owner.

Refunded commodity payment and additional compensation = compensation settlement price × quantity of commodity that should have been shipped × 120%.

The compensation settlement price is the settlement price of the corresponding nearest month futures contract of the Exchange on the trading day preceding the 26th day after the agreed take-delivery date.

(ii) If on the 25th day after the agreed take-delivery date, the owner fails to notify the Factory that it will cease accepting any commodity that should have been shipped, the parties shall negotiate the details on taking delivery of such commodity.

**Article 38** If a Factory commits any default described in Article 36 or 37, it shall first pay compensation or refund corresponding commodity payment together with additional compensation directly to the owner. If the Factory fails to make the payment in full or in part, the Exchange shall pay the deficient amount to the owner:

(i) with the guarantees provided by the Factory; or

(ii) with the Exchange’s funds and recourse to the Factory by such means as legal proceedings.

**Article 39** If an owner commits any default described in Article 34 or 35, it shall first pay overdue fee directly to the Factory. If the owner fails to make the payment in full or in part, the Factory may recourse to the owner by such means as legal proceedings.

**Article 40** If any losses are incurred to either a Factory or an owner due to any event described in Article 34, 35, 36, or 37, and both parties agree to reach a separate agreement, such agreement shall prevail. The agreement shall be filed with the Exchange for record.

**Article 41** Subject to their mutual consent, a Factory and an owner may select agreement-based take-delivery at the time of submitting the take-delivery application. In this case, the Factory and the owner will determine the shipping date and plan elsewhere, and the relevant factory standard warrants will be cancelled, with the corresponding commodity converted into spot goods. Take-delivery will no longer be governed by the relevant provisions of these *Offset Paper Futures Rules*, but the Factory and the owner shall properly retain their agreement.

**Article 42** Quality dispute resolution

A delivery taker who disputes the quality of any delivered commodity, which shall be at the take-delivery location of the Factory, shall submit to the Exchange a written objection, accompanied by the quality inspection results issued by a Designated Inspection Agency, within twenty (20) business days following the cancellation of corresponding warrants; failing which, the delivery taker shall be deemed to have no objection over the delivered commodity and the Exchange will no longer handle any objection regarding any commodity thus delivered.

## CHAPTER 4 RISK MANAGEMENT

**Article 43** The minimum trading margin for an offset paper futures contract is 5%.

**Article 44** The stage-based trading margin rates for offset paper futures are as follows:

|  |  |
| --- | --- |
| **Stage of Trading** | **Trading Margin** |
| As of listing | 5% |
| As of the first trading day of the month before the delivery month | 10% |
| As of the first trading day of the delivery month | 15% |
| As of the second trading day before the last trading day | 20% |

**Article 45** The range of price limit for an offset paper futures contract is ±4% of its settlement price of the preceding trading day.

**Article 46** Percentage-based position limit and fixed-amount position limit for each offset paper futures contract at different stages of trading for an FF Member, a non-FF Member and a Client are as follows (in lots):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Product | From the date of listing to the delivery month | From the date of listing to the last trading day of the second month before the delivery month | The month before the delivery month | The delivery month |
| Open interest in a particular contract (lots) | Percentage-based position limit (%) | Open interest in a particular contract (lots) | Percentage-based position limit (%)Fixed-amount position limit (lots) | Fixed-amount position limit (lots) | Fixed-amount position limit (lots) |
| FF Member | Non-FF Member | Client | Non-FF Member | Client | Non-FF Member | Client |
| Offset paper | ≥25,000 | 25 | ≥25,000 | 10 | 10 | 500 | 500 | 100 | 100 |
| <25,000 | 2,500 | 2,500 |

Note: total open interest and the fixed-amount Position Limit are based on long or short positions.

**Article 47** If the Exchange makes a forced position reduction to an offset paper futures contract, the amount of the unfilled orders subject to the order fill, positions eligible to fill the unfilled orders of a Trader (referring here and hereinafter to a Client, a Non-Futures Firm Member), 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 into the central order book after the close of the base date at the limit price by each Trader who has incurred losses on net positions in the contract of an average level of no less than eight percent (8%) for offset paper futures contracts, of the settlement price of the base date.

(ii) Positions eligible to fill the unfilled orders of a Trader. The positions eligible to fill the unfilled orders include the net positions, on which the Trader, as calculated using the above formula stipulated in the *Risk Management Rules of the Shanghai Futures Exchange*, records average gains for general purposes or for hedging purposes at no less than eight percent (8%)of the settlement price of the base date.

(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 general or hedging:

Level 1: Unfilled orders shall be filled with the general positions eligible to fill the unfilled orders of any Trader with average gains on net positions of no less than eight percent (8%) of the settlement price on the base date for the contracts in offset paper futures, or the General Position Gains of Over 8%;

Level 2: Unfilled orders shall be filled with the general positions eligible to fill the unfilled orders of any Trader with average gains on net positions of no less than four percent (4%) but no more than eight percent (8%) of the settlement price on the base date for contracts with respect to offset paper futures, or the General Position Gains of Over 4%;

Level 3: Unfilled orders shall be filled with the general positions eligible to fill the unfilled orders of a Trader with average gains on net positions of no more than four percent (4%) of the settlement price on the base date for contracts in offset paper futures, or the General Position Gains Below 4%; and

Level 4: Unfilled orders shall be filled with the hedging positions eligible to fill the unfilled orders of a Trader with average gains on net positions of no less than eight percent (8%) of the settlement price on the base date for contracts in offset paper futures, or the Hedging Position Gains of Over 8%.

(iv) Methods for the order fill of unfilled orders. If the amount of the General Position Gains of Over 8% is greater than or equal to that of the unfilled orders, the unfilled orders shall be filled pro rata to the amount of the General Position Gains of Over 8%. If the amount of the General Position Gains of Over 8% is smaller than that of the unfilled orders, the General Position Gains of Over 8% shall be filled pro rata to the amount of the unfilled orders. The residual unfilled orders, if any, shall be filled with the General Positions Gains of Over 4% in the same manner as the foregoing, and if there are still orders remaining, the outstanding unfilled orders shall be filled to the General Position Gains of Below 4%, and so to the Hedging Position Gains of Over 8%. Unfilled orders which eventually remain after all the order fills described above, if any, shall not be filled at all.

## CHAPTER 5 MISCELLANEOUS

**Article 48** Matters not covered herein shall be governed by the applicable business rules of the Exchange.

**Article 49** Any violations of these *Offset Paper Futures Rules* will be handled by the Exchange in accordance with the *Enforcement Rules of the Shanghai Futures Exchange*.

**Article 50** The Exchange reserves the right to interpret these *Offset Paper Futures Rules*.

**Article 51** These *Offset Paper Futures Rules* take effect on August 18, 2025.