Detailed Trading Rules of China Financial Futures Exchange for 5-Year Treasury Bond Futures Contract

(Adopted on August 30, 2013; amended for the first time on November 3, 2014; amended for the second time on March 16, 2015; amended for the third time on March 31, 2017; amended for the fourth time on February 12, 2018; amended for the fifth time on December 28, 2018)

Chapter I General Provisions

Article 1 These Detailed Rules are formulated in accordance with the Trading Rules of China Financial Futures Exchange and the relevant implementing rules thereof, and for the purpose of regulating trading activities in respect to 5-year treasury bond futures contract (hereinafter referred to as the Contract) on China Financial Futures Exchange (hereinafter referred to as the Exchange).

Article 2 The Exchange, members, clients, futures margin depository banks and other futures market participants shall comply with these Detailed Rules.

Article 3 In case that there are no relevant provisions in these Detailed Rules, the relevant business rules of the Exchange shall apply.

Chapter II Contract

Article 4 The underlying instruments of the Contract are nominal medium-term treasury bonds with a face value of RMB 1 million and a nominal interest rate of 3%.

Article 5 The deliverable treasury bonds of the Contract are book-entry interest-bearing treasury bonds with a maximum term to maturity of 7 years and a residual maturity of 4-5.25 years upon the first day of the Contract's expiry month.

Article 6 The prices for the Contract shall be quoted in units of RMB 100 of treasury bond face value, and shall be quoted using the net price method. The net price method refers to price quotations that do not include accrued interest.

Article 7 The tick size of the Contract is RMB 0.005. Quotations for the Contract shall be integer multiples of RMB 0.005.

Article 8 The contract months of the Contract are the three most recent quarter-ending months. Quarter-ending months refer to March, June, September and December.

Article 9 The last trading day of the Contract is the second Friday of the contract expiration month. In the event that the last trading day is a public holiday or there is no trading on that day due to an extraordinary situation, the next trading day shall be the last trading day.

The trading of a new contract shall begin on the next trading day after the last trading day of the matured contract.

Article 10 The ticker symbol of the Contract is TF.

Chapter III Trading

Article 11 The Contract adopts call auction trading, continuous auction trading, and exchange of futures for physicals transaction.

The call auction runs from 9:10 to 9:15 on each trading day. During the call auction, 9:10-9:14 is the order routing time, while 9:14-9:15 is the order matching time.

The continuous auction runs from 9:15 to 11:30 (morning session) and from 13:00 to 15:15 (afternoon session) on each trading day. On the last trading day, the continuous auction runs from 9:15 to 11:30.

Chapter IV Clearance and Settlement

Article 12 The settlement price of the Contract on a given trading day is the trading volume-weighted average execution price for the Contract during the last hour on that trading day. The calculation result shall be rounded to three decimal places.

Article 13 The settlement price for the Contract on a given trading day is used as the basis for calculating the profits or losses for that day. The specific calculation formula is given below:

Profits or losses for a given trading day = { ∑ [(sell price – same day settlement price) × sold volume] + ∑ [(same day settlement price – buy price) × bought volume] + (settlement price of the previous trading day – same day settlement price) × (sold positions on the previous trading day – bought positions on the previous trading day) } × (face value of contract /RMB 100)

Article 14 The standard processing fee for the Contract shall not exceed RMB 5 per lot.

Article 15 The Contract employs physical delivery.

Article 16 Delivery of this Contract shall be carried out in accordance with the relevant provisions of the Detailed Delivery Rules of China Financial Futures Exchange on Treasury Bond Futures Contract.

Chapter V Risk Management

Article 17 The minimum trading margin requirement for the Contract is 1% of its contract value. Contract value = contract price × (face value of the Contract / RMB 100).

Article 18 The trading margin for the Contract shall be 2% of the contract value starting from the time of settlement on the second trading day preceding the delivery month.

Article 19 The maximum daily price fluctuation limit of the Contract refers to its daily price limit up/down, which is ±1.2% of its settlement price from the preceding trading day.

The range of daily limit up/down on the Contract's listing day shall be ±2.4% of its listed benchmark price. If the Contract is traded on the listing day, then starting from the next trading day, the limit up/down range shall be adjusted to that as specified in the Contract; if the Contract is not traded on the listing day, the range specified for the listing day shall continue to apply on the next trading day. If no trade is executed for three consecutive trading days starting from the Contract's listing day, the Exchange may adjust the listed benchmark price accordingly.

Article 20 Position limits are instituted for the Contract.

1. The limit on one-sided positions in a particular Contract for a client varies as follows:

(1) the position limit is 2,000 lots starting from the first trading day of the Contract;

(2) the position limit is 600 lots starting from the last trading day preceding the delivery month.

2. The Exchange will specify in a separate document the position limits for members that are not futures companies.

3. In the event that the total one-sided positions in a specific Contract exceed 600,000 lots after settlement on a particular trading day, the one-sided positions in the Contract held by clearing members on the next trading day shall not exceed 25% of the Contract's total one-sided positions. Positions held for hedging and arbitrage purposes shall be governed by the relevant regulations of the Exchange.

Article 21 Large position reporting is instituted for the Contract.

1. A client or member shall report to the Exchange if such client or a client of such member reaches any of the following thresholds:

(1) where the one-sided positions in a particular Contract held by the client, other than positions held for hedging or arbitrage purposes, reach 80% or more of the position limit imposed by the Exchange; or

(2) where the total market-wide one-sided positions reach 50,000 lots, and the one-sided positions in treasury bond futures held by the client are more than 5% of that total.

2. The Exchange may require clients or a member to submit a report if such clients or clients of such member are in any of the following situations:

(1) the aggregate one-sided positions in treasury bond futures held by the top five clients are more than 10% of the total market-wide one-sided positions; or

(2) the aggregate one-sided positions in treasury bond futures held by the top ten clients reach more than 20% of the total market-wide one-sided positions; or

(3) any other situation required to be reported by the Exchange.

Chapter VI Supplementary Provisions

Article 22 In the event of violation of the provisions of these Detailed Rules, the Exchange shall handle such violations in accordance with the relevant provisions of the Measures of China Financial Futures Exchange on Dealing with Violations and Breaches.

Article 23 The right to interpret these Detailed Rules shall be vested in the Exchange.

Article 24 These Detailed Trading Rules shall come into effect as of January 2, 2019.