Detailed Trading Rules of China Financial Futures Exchange for 10-Year Treasury Bond Futures Contract

(Adopted on March 6, 2015; amended for the first time on March 31, 2017; amended for the second time on February 12, 2018; amended for the third time on December 28, 2018)

Chapter I General Provisions

Article 1 These Detailed Trading Rules are formulated in accordance with the Trading Rules of China Financial Futures Exchange and related implementation rules thereof for the purpose of regulating the trading of 10-year treasury bond futures contracts (hereinafter the “Contract”) on China Financial Futures Exchange (hereinafter the “Exchange”).

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

Article 3 Any matter not provided for herein shall be governed by other applicable rules of the Exchange.

Chapter II Contract

Article 4 The underlying instruments of the Contract are nominal long-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 coupon-bearing treasury bonds with a maximum term to maturity of 10 years and a residual maturity of no less than 6.5 years upon the first day of the Contract's expiry month.

Article 6 The Contract shall be quoted by net value and in units of RMB 100 of treasury bond face value. Quotation by net value refers to price quotation that does 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 in its expiring month. In the event that the Contract is not traded on the last trading day as it falls on a public holiday or due to abnormal market conditions, among other reasons, the last trading day shall be postponed to the next trading day.

A new contract of the next contract month shall be listed on the trading day following the last trading day of the expired contract.

Article 10 The product code of the Contract is T.

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. Orders shall be submitted between 9:10 and 9:14 and matched between 9:14 and 9:15.

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, except for the last trading day, on which it only runs the morning session from 9:15 to 11:30.

Chapter IV Clearing and Settlement

Article 12 The settlement price of the Contract on a given trading day is the volume-weighted average price of all trades in the Contract executed during the last hour of trading on the trading day, rounded to three decimal places.

Article 13 The settlement price of the Contract on a given day shall serve as the basis for calculating the profit and loss on the Contract for that day in accordance with the following formula:

Profits or losses on a given trading day = { Σ [(an order's sell price – current trading day's settlement price) × volume sold] + Σ [(current trading day's settlement price – an order's buy price) × volume bought] + (previous trading day's settlement price – current trading day's settlement price) × (short positions as of the end of the previous trading day – long positions as of the end of the previous trading day) } × (face value of the Contract / RMB 100)

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

Article 15 The Contract is physically settled.

Article 16 Delivery on the Contract shall be in compliance with the Detailed Delivery Rules of China Financial Futures Exchange for Treasury Bond Futures Contract.

Chapter V Risk Management

Article 17 The minimum trading margin requirement for the Contract is 2% 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 3% 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 ±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 ±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. If the total open interest in a particular Contract, either on the long side or the short side, exceeds 600,000 lots after daily settlement, positions held by any clearing member on the next trading day in the said Contract, either on the long side or the short side, shall not exceed 25% of the Contract's total open interest on the same side. Positions held for hedging and arbitrage purposes shall be governed by other applicable rules 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) the total market-wide one-sided positions reach 50,000 lots, and the one-sided positions in treasury bond futures held by any single client exceed 5% of the total on the same side.

2. The Exchange may require a client or a member to fulfill its reporting obligation if:

(1) the aggregate one-sided positions in treasury bond futures held by the top five clients exceed 10% of the total market-wide one-sided positions on the same side; or

(2) the aggregate one-sided positions in treasury bond futures held by the top ten clients exceed 20% of the total market-wide one sided positions on the same side; or

(3) under any other circumstance where such reporting is required by the Exchange.

Chapter VI Supplementary Provisions

Article 22 Violations of these Detailed Trading Rules shall be handled by the Exchange in accordance with the Measures of China Financial Futures Exchange on Dealing with Violations and Breaches.

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

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