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

Chapter I General Provisions

Article 1 These Detailed Trading Rules are formulated in accordance with the *Trading Rules of China Financial Futures Exchange* and its detailed implementation rules for the purpose of regulating the trading of 10-year China government bond futures contract ("Contract") on China Financial Futures Exchange (the "Exchange").

Article 2 The Exchange, members, clients, 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 China government bonds ("CGBs") with face value of RMB 1 million and nominal coupon rate of 3%.

Article 5 The deliverable CGBs of the Contract are book-entry, fixed-coupon CGBs with an original term to maturity of no more than 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 prices for the Contract shall be quoted on the basis of the net price for a CGB with a face value of RMB 100. "Net price" refers to a quotation excluding accrued interest.

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

Article 8 The contract months of the Contract are the three nearest quarterly months of the March, June, September, and December cycle.

Article 9 The last trading day of the Contract is the second Friday of its expiry month. Where the last trading day is a public holiday or trading of the Contract is suspended on that day for extraordinary situations or other reasons, the last trading day shall be postponed to the following 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 is traded through opening auction, continuous trading, and Exchange of Futures for Physicals.

The opening auction runs from 9:10 a.m. to 9:15 a.m. each trading day. Orders shall be placed between 9:10 a.m. and 9:14 a.m., and are matched between 9:14 a.m. and 9:15 a.m.

Continuous trading runs each trading day from 9:15 a.m. to 11:30 a.m. (first session) and from 1:00 p.m. to 3:15 p.m. (second session). On the last trading day, continuous trading ends at 11:30 a.m.

Chapter IV Clearing

Article 12 The settlement price of the Contract on a given trading day is the volume weighted average price (VWAP) of the Contract during the last trading hour on that day, rounded to three decimal places.

Article 13 The settlement price of the Contract on a given trading day shall be the basis for calculating the profit and loss on the Contract for that day. The specific formula is:

Profit or loss on a given trading day = { Σ [(execution price of sell orders – current day's settlement price) × contracts sold] + Σ [(current day's settlement price – execution price of buy orders) × contracts bought] + (preceding trading day's settlement price – current trading day's settlement price) × (short positions as of the end of the preceding trading day – long positions as of the end of the preceding trading day) } × (face value of Contract / RMB 100).

Article 14 Fees for the Contract shall not exceed RMB 5 per lot.

Article 15 The Contract is physically delivered.

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

Chapter V Risk Management

Article 17 The minimum trading margin for the Contract is 2% of the 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 limit up/limit down of the Contract is ±2% of the preceding trading day's settlement price.

The limit up/limit down on the listing day shall be ±4% of the Contract's listing benchmark price. If there are transactions in the Contract on the listing day, the limit up/limit down shall revert to ±2% of the preceding trading day's settlement price starting from the next trading day; if not, the price limits for the listing day shall continue to apply on the next trading day.

If there are no transactions in the Contract for three consecutive trading days starting from the listing day, the Exchange may adjust the listing benchmark price accordingly.

Article 20 The Contract is subject to position limits.

1. The limit on either long or short positions held by a client in a particular Contract is:

    (1) 4,000 lots starting from the listing day of the Contract;

    (2) 1,200 lots starting from the last trading day preceding the delivery month.

2. The limit on either long or short positions held by a non-futures-company member in a particular Contract is:

    (1) 8,000 lots starting from the listing day of the Contract;

    (2) 2,400 lots starting from the last trading day preceding the delivery month.

3. If the open interest in a particular Contract exceeds 600,000 lots after settlement on a particular trading day, the long or short positions in such Contract held by a Clearing Member on the next trading day shall not exceed 25% of the open interest in the Contract.

    Positions held for hedging and arbitrage purposes shall be governed by the relevant rules of the Exchange.

Article 21 Large position reporting is required for the Contract.

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

    (1) where the long or short positions in a particular Contract held by the non-futures-company member or the client, other than positions held for hedging or arbitrage purposes, reach or exceed 80% of the position limit imposed by the Exchange; or

    (2) where the open interest in a particular Contract reaches 50,000 lots and the long or short positions in such Contract held by the non-futures-company member or the client exceed 5% of that total.

2. The Exchange may require the relevant clients or members to submit a report if:

    (1) the aggregate long or short positions in all listed Contracts held by the top five non-futures-company members or the top five clients exceed 10% of the aggregate open interest in all CGB futures; or

    (2) the aggregate long or short positions in all listed Contracts held by the top ten non-futures-company members or the top ten clients exceed 20% of the aggregate open interest in all CGB futures; or

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

Chapter VI Ancillary Provisions

Article 22 Any violation 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 Exchange reserves the right to interpret these *Detailed Trading Rules*.

Article 24 These *Detailed Trading Rules* shall come into effect on March 9, 2020.