

Registration Rules for Deliverable Commodities of Bonded Copper

Futures

Chapter 1: General Provisions

1. These *Registration Rules* are formulated in accordance with the *General Exchange Rules of the Shanghai International Energy Exchange* and applicable implementation rules to enhance management over the deliverable commodities of copper cathode futures (“Bonded Copper Futures”) at the Shanghai International Energy Exchange (“INE”) and protect the legitimate rights and interests of futures market participants.
2. INE, its members, Overseas Special Participants, Overseas Intermediaries, Clients, registered manufacturers, and Designated Quality Inspection Agencies shall observe these *Registration Rules*.

Chapter 2: Registration

3. Requirements for a registration application
 - 3.1 The applicant shall be a domestic or foreign manufacturer of relevant commodities with high reputation and credibility on the market.
 - 3.2 The applicant shall be able to meet the prescribed annual production capacity (including that for a single brand) (tentatively: 50,000 metric tons of copper), with product quality meeting current national or international standards and production technologies in compliance with current national industrial policies and environmental protection requirements. The applicant shall have been in production continuously for at least one year.
 - 3.3 The commodities for registration shall come from lawful sources and account for a substantial share of the physical market.
 - 3.4 The applicant shall meet other requirements prescribed by INE.
4. Preliminary review on registration eligibility

An applicant shall submit to INE the application materials corresponding to the requirements specified in Article 3 of these *Registration Rules* for preliminary review. INE will review the

materials according to the requirements in Article 3. Only after passing the preliminary review, the applicant may proceed to the formal registration procedures. When necessary, INE may conduct an on-site inspection to verify the eligibility of the applicant.

5. An applicant shall provide the following written application materials:

5.1 an application report for registration;

5.2 an commitment letter (see Attachment 1);

5.3 *INE Registration Form: Copper Cathode* (see Attachment 2);

5.4 photocopies of its Business License and Tax Registration Certificate;

5.5 Trademark Registration Certificate or similar certificates proving and identifying the origin of the commodity to be registered;

5.6 description of the applicant's shareholders and their equities or shares;

5.7 such documents as its project approval or filing registration form, and environmental protection acceptance letter;

5.8 documents of commodity quality management measures:

5.8.1 tables of contents of key quality management documents, including quality manuals, quality procedures, standard operation procedures (SOPs);

5.8.2 internal control standards;

5.8.3 inspection items for major raw materials and auxiliary materials (including testing capability and methods);

5.8.4 quality inspection items of finished products (including testing capability and methods); and

5.8.5 key inspection equipment (name, model, quantity, and purposes);

5.9 the latest commodity quality inspection report from a third-party quality inspection agency;

5.10 its *Internal Product Quality Analysis Report* for the most recent three months;

- 5.11 its process flow diagrams (illustrated separately if there are two or more processes);
- 5.12 descriptions of production equipment (specifications, parameters, quantity, etc.);
- 5.13 color photographs showing the appearance, labeling, and packaging of the commodity, with captions specifying the following information:
 - 5.13.1 dimension and weight of a single piece of the commodity;
 - 5.13.2 dimension and weight of a single bundle of the commodity;
 - 5.13.3 Packaging method, materials, and specifications (including packing clips), and the position of trademark or label;
- 5.14 color photographs showing its major production equipment, facilities, and plants (illustrated separately if there are two or more production sites);
- 5.15 samples of label stickers and product quality guarantees (with fields filled in);
- 5.16 photocopies of various management system certifications;
- 5.17 its audited financial report of the latest fiscal year (photocopy shall bear its common seal);
- 5.18 registration materials with other exchanges; and
- 5.19 other documents that INE requires;

All application materials must be presented in Chinese and the Chinese version shall prevail. English version may be appended for reference only.

6. Registration procedures

An applicant that has passed the preliminary review shall complete the following registration procedures as required to obtain registration approval. Unless otherwise specified, the applicant may coordinate with INE on the timetable for each of the steps.

6.1 Written application materials

The applicant shall submit to INE a complete set of written application materials and pass the review of INE.

6.2 Product trial

6.2.1 The copper cathode to be registered shall have been successfully tried by three domestic companies designated by the applicant and approved by INE.

6.2.2 The applicant shall provide each of the three companies with two batches of commodities (produced at an interval of at least one month) for trial. The minimum quantity for each batch of copper cathode shall be 50 metric tons. The applicant shall track the trial process and ensure that the commodities are not mixed with or contaminated by other commodities during the process. The companies shall keep proper record and use each batch of commodities within three months of receipt.

6.2.3 INE may require any additional trials as appropriate.

6.2.4 After the commodity passes the trial, each company shall submit a trial report to INE.

The report shall contain the following information:

6.2.4.1 initial evaluation and testing results before the trial, including appearance quality, intrinsic quality, packaging, labeling, etc.;

6.2.4.2 the name of the tried product, its manufacturing process, quality analysis report, and standards adopted (corporate, industrial, or national standards), as well as problems identified during the trial; and

6.2.4.3 conclusion of the trial.

6.2.5 Type of products for trial

The processed copper products for trial shall be of the following type: copper electrical wires (diameter not greater than 0.1mm) covering two or more processes.

INE may adjust the above requirements on product type based on market conditions.

6.3 On-site inspection

6.3.1 Domestic commodities

6.3.1.1 INE, together with relevant Designated Quality Inspection Agencies, will conduct an

on-site inspection at an applicant's premise pursuant to the *Outlines of On-site Inspection for Registration of Copper Cathode of the Shanghai International Energy Exchange* (see Attachment 3).

6.3.1.2 The on-site inspection covers the operation of quality management systems, inspection on commodity quality (including intrinsic and appearance quality), packaging, measuring, processes, equipment operations, etc. The applicant shall store two batches of copper, produced at an interval of at least one month and weighing 200 metric tons each, in its warehouse for finished products or other premises approved by INE. A Designated Quality Inspection Agency will inspect the appearance, packaging, weight, chemical composition, and other pertinent aspects of these commodities. If the applicant fails in the initial inspection and applies for a second one, it shall provide commodities produced at least three months after the initial inspection.

6.3.1.3 The Designated Quality Inspection Agency shall keep detailed inspection records and provide a complete quality inspection report. The applicant shall give voluntary and sufficient cooperation.

6.3.1.4 INE may, as appropriate, follow up on the trial users who have provided feedback.

6.3.1.5 Where rectification is necessary, the applicant shall duly make rectification after the on-site inspection and timely notify INE of the results.

6.3.2 Foreign commodities

6.3.2.1 Inspection on commodity quality: two batches of copper for registration, produced at an interval of at least one month and weighing 200 metric tons each, shall be stored at a Designated delivery warehouse or other inspection venues approved by INE. A Designated Quality Inspection Agency will inspect the appearance, packaging, weight, chemical composition, and other pertinent aspects of these commodities. If the applicant fails in the initial inspection and applies for a second one, it shall provide commodities produced at least three months after the initial inspection.

The quality inspection shall be conducted against the quality standards specified in the contracts of corresponding products. The Designated Quality Inspection Agency shall issue an inspection report.

6.3.2.2 Product trial shall be carried out with reference to the trial requirements for domestic commodities.

6.3.2.3 INE will decide whether an on-site inspection is necessary based on the circumstances. If it is necessary, it shall be conducted with reference to the requirements of on-site inspection for domestic commodities.

6.4 Approval by INE

INE will decide whether to approve a registration application or not based on the preliminary review, the application materials, conclusion of product trial, on-site inspection, and feedback on rectification. If approval is granted, INE shall send a letter to inform the applicant, all members, Overseas Special Participants, Overseas Intermediaries, and Designated Delivery Warehouses.

7. An applicant shall assume the following fees:

7.1 Commodity registration fee (for a single brand)

Domestic commodities: RMB 100,000;

Foreign commodities: RMB 250,000.

7.2 Inspection fee (for a single brand)

Domestic commodities: RMB 30,000;

Foreign commodities: RMB 40,000.

INE may adjust the above fees at its sole discretion.

Chapter 3: Regular and Annual Random Inspection

8. To ensure the quality of deliverable commodities, INE may conduct regular and annual random inspections on the registered commodities when it deems necessary.

8.1 Regular random inspection. INE may, together with a Designated Quality Inspection Agency, conduct a regular random inspection on the quality of commodities that are stored in a registered manufacturer's warehouse for finished products or in a Designated Delivery Warehouse against standard warrants.

8.2 Annual random inspection. INE may, together with a Designated Quality Inspection Agency, conduct an annual random inspection on the quality of registered commodities,

which will be selected at random based on the inventory and delivery business of the relevant Designated Delivery Warehouse

8.3 Fees for regular random inspections shall be borne by the registered manufacturers; those for the annual random inspections shall be borne by INE.

8.4 INE will issue a rectification notice to a registered manufacturer whose registered commodities are found to have apparent quality problems during a regular or annual random inspection. The results of rectification will serve as a basis for adjusting the registered commodities.

Chapter 4: Suspension, Cancellation, and Other Actions against a Registered Manufacturer Status

9. INE may issue a warning, give a reprimand, suspend or cancel the registered manufacturer status, or take other actions if:

9.1 the registered manufacturer is dissolved or bankrupt;

9.2 the trademark of the registered commodity has been transferred or otherwise involves an ownership dispute;

9.3 the commodity fails in a random or annual inspection and, after rectification, still does not reach the quality standard;

9.4 INE receives many quality complaints on the commodity, which fails in the quality inspection (including appearance and intrinsic quality) subsequently conducted;

9.5 the registered manufacturer fails to meet any applicable environmental protection requirements;

9.6 the registered manufacturer fails to report material changes in its production or operation to INE;

9.7 the registered manufacturer fails to cooperate with INE in providing necessary materials for the management of deliverable commodities; or

9.8 INE otherwise deems it necessary to do so.

Where the production of a registered brand has been suspended for three years or more and

the registered manufacturer fails to provide an explanation to INE, INE may cancel the registered manufacturer status after verification.

10. In any of the following circumstances, the registered manufacturer shall apply to INE for changing its registered information, without providing any trial report or accepting any on-site inspection of its quality management system:

10.1 the manufacturer is split or merged, changes its name or its organizational form;

10.2 there is any change to the commodity's dimension, shape, packaging, or stacking arrangement; or

10.3 there is any apparent change in the commodity label.

In the case of 10.2, the commodity is required to pass INE's inspection before being registered as a deliverable commodity.

11. A registered manufacturer may apply to INE for canceling its registered manufacturer status and shall cooperate with INE in the transition process and any post-cancellation arrangements.

12. When a quality dispute over any deliverable commodity arises during the delivery, the registered manufacturer shall cooperate with INE to properly handle the dispute. If the quality problem is caused by the manufacturer, the manufacturer shall be liable for compensation.

Chapter 5: Supplementary Provisions

13. INE may, based on its business needs, exempt some copper cathode brands that have been registered with the Shanghai Futures Exchange from the registration procedures and directly approve them as deliverable copper cathode brands of INE.

14. INE reserves the right to interpret these *Registration Rules*.

15. These *Registration Rules* shall take effect from MM DD, 2020.

Attachments:

Attachment 1: Commitment Letter

Attachment 2: INE Registration Form: Copper Cathode

Attachment 3: Outlines of On-site Inspection for Registration of Copper Cathode of the
Shanghai International Energy Exchange

Attachment 1:

Commitment Letter

To ensure our _____ brand _____ (commodity name) becomes or remains a registered commodity for the physical delivery of standard contracts on the Shanghai International Energy Exchange (INE), we hereby undertake to:

1. strictly comply with the *Registration Rules for Deliverable Commodities of Bonded Copper Futures*;
2. take full responsibility for the lawfulness, validity, and truthfulness of the materials submitted to INE;
3. accept inspections arising from quality disputes at any time and assume the corresponding liabilities;
4. report, in a timely, accurate, and complete manner, to INE changes in our production and operation, including changes in production capacity, applicable technical standards, trademarks, dimensions, and company reorganization or restructuring; and be fully liable for any failure to report such changes according to the foregoing requirement; and
5. pay INE and the Designated Quality Inspection Agencies any fees that may incur as prescribed in the *Registration Rules*.

Signature and seal:

Date:

Attachment 2:

INE Registration Form: Copper Cathode

General Information of the Manufacturer

Product Name	Copper cathode		
Applicable Technical Standards			
Applicant			
Country			
Registered Address (postal code)			
Plant Address (postal code)			
E-mail		Fax	
Contact Department		Contact Person	
Contact Number/WeChat/QQ			

Applicant signature and seal:

Date of Application: MM/DD/YYYY

Manufacturer Profile

Note:

1. The Manufacturer Profile should include the following information: geographic location, corporate history, corporate institution and rules, shareholders, staff members, key products, output, product quality, position in the industry, corporate management system, sources of raw materials, energy supply, business advantages, development planning, etc.
2. If the commodity is produced in SX-EW process, permanent cathode electrolytic process, or other special processes, please specify in the Manufacturer Profile.

Product Profile

Product Name		Registered Trademark		
Applicable Technical Standards		Starting Date of Production		
Capacity (metric tons/year)		Output of the Previous Year (metric tons) (from MM to MM)		
Output of the Current Year (metric tons) (from MM to MM)		Including	Cu-CATH-1 output (metric tons)	
			Cu-CATH-2 output (metric tons)	
Sales Volume (metric tons)		In-house Consumption (metric tons)		
Dimension (mm) (L*W*H)	Piece Weight (kg)	Bundle Weight (kg)	Piece number/Bundle (approx.)	Bundle number/Lot (25 metric tons/lot)
Stacking method:				
Packaging method, materials, and specifications:				
Labeling and description:				
Packing clips and descriptions:				
Difference in the packages of physical commodity and futures commodity:				

Trademark Registration No.:

Expiry Date:

Logo:

Note: in the case of more than one trademark, please specify the logos, packages, and production plants of different trademarks for differentiation purpose.

Key Economic and Technical Indicators

Indicators	Performance of the Previous Year	Plan for the Current Year	Year-to-date (from MM to MM)
1. Output (metric ton)			
2. Output value (in RMB 100 mil):			
3. Profit (in RMB 10,000):			
4. Current efficiency (%)			
5. Unit DC consumption (kilowatt-hours/metric ton)			
6. Unit AC consumption (kilowatt-hours/metric ton)			
7. Average current intensity (amps)			
8. Overall recycling rate (%)			
9. Unit direct production cost (RMB/metric ton)			

Attachment 3

Outlines of On-site Inspection for Registration of Copper Cathode of the Shanghai International Energy Exchange

1. Audit on the manufacturer's quality management system
 - 1.1 The manufacturer should debrief its corporate profile and operation of quality management system.
 - 1.2 The manufacturer should provide the following technical documents:
 - 1.2.1 flow diagrams of production process;
 - 1.2.2 standard operation procedures and control requirements for key processes;
 - 1.2.3 records of process monitoring and commodity clearance for the most recent three months;
 - 1.2.4 repair and maintenance plan and maintenance records for major production equipment for the most recent three months;
 - 1.2.5 records of internal audit of quality management system for the most recent two years;
 - 1.2.6 inspection standards and methods for raw materials, semi-finished products, and finished products;
 - 1.2.7 inspection records on raw materials, semi-finished products, and finished products for the most recent three months;
 - 1.2.8 latest ledger of inspection and experiment equipment and measurement records. If internal calibration is conducted, the calibration methods, internal records, qualifications of calibration staff or proof of training should be provided.
 - 1.2.9 list of qualified suppliers of raw materials, evaluation records, and annual inspection records for the most recent year;
 - 1.2.10 records of customer complaints and returns and customer satisfaction survey records for the most recent year;
 - 1.2.11 job requirements for production and inspection staff, training plans and records, and

certificates for the most recent two years; and

1.2.12 photocopies of quality guarantees issued for the finished products.

The above materials should be prepared for review before the registration inspection, and the departments concerned should be responsible for presentation.

2. Quality inspection of copper cathode (for a single batch)

2.1 Physical (Apparent) quality inspection

2.1.1 All the requirements on apparent quality in GB/T 467 – *Copper Cathode* (refer to the current contract for applicable version, the same below) will apply.

2.1.2 A apparent quality inspection should cover each bundle of copper cathode, including the marks and symbols that indicate product name, applicable standards, designation, batch number, batch weight, date of production, name of manufacturer, and place of origin.

2.1.3 Quantity of copper cathode for a surface quality inspection should be any 100 pieces out of a randomly selected batch of commodities.

2.2 Intrinsic quality inspection

GB/T 5121 – *Methods for Chemical Analysis of Copper and Copper Alloys*, or SN/T 2259 – *Determination of Chemical Components in High Purity Copper Cathode—Inductively Coupled Plasma Atomic Emission Spectrometry (ICP-AES)*, or SN/T 2260 – *Determination of Chemical Compounds of Copper Cathode—Photoelectric Emission Spectrometry* will apply, with reference to the requirements of GB/T 467 – *Copper Cathode*.

2.3 Inspection on commodity packaging and measuring

2.3.1 Packaging materials

2.3.2 Bundling tightness

2.3.3 Number of pieces and bundles in each package

2.3.4 Bundle weight error

2.3.4.1 Weight error between bundles

2.3.4.2 Bundle weight error between load-in and inspection

2.4 Verification of quality certificate