

# Clear Grain Exchange Terms and Conditions

Clear Grain Pty Ltd trading as Clear Grain Exchange ABN 63 615 342 026

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## Frequently Asked Questions for Growers<sup>1</sup>

Clear Grain Exchange (CGX) is an electronic platform developed to facilitate the trading of Australian grain, and intended to provide Australia-wide industry transparency. Please find below the most frequently asked questions regarding CGX Terms and Conditions.

### 1. How do I as a Grower sell my warehoused grain using CGX?

If delivering grain to a storage provider that is integrated with CGX you will automatically see your warehoused grain on CGX, ready for you to offer and sell. No one else can see your warehoused grain except you and any intermediary that you appoint as your Authorised Representative.

If your grain is stored in a storage provider without integration (for example CBH in WA, Viterra or Grainflow in SA) you are able to offer parcels of grain at a firm price on the exchange before transferring to CGX. If it trades you will be required to transfer to CGX within 24 hours from the time of trade.

*Note: All offers on CGX are firm, meaning they can trade if the bid and offer match, at which Time, a legally binding contract is entered into by the seller.*

If you have not registered a CGX account you can simply complete an online registration using an up-to-date NGR or call our support team on 1800 000 410.

### 2. Once my grain is available to sell using CGX, how do I sell it?

CGX provides an avenue to set your own sale price and offer it to over 200 registered buyers. Once you have logged in, simply go to the sell screen and follow the prompts to either place a firm offer at your nominated price, or match a firm bid from a buyer.

Alternatively, if you prefer to use an Authorised Representative (Broker, Agent or Advisor) to assist you in selling your grain, you can nominate them as your Authorised Representative on CGX. This allows them to represent your selling interests on the exchange (i.e. offer and sell on your behalf). This does not limit your ability to access or trade using your account.

CGX provides you with real-time information on government levies, bulk handling fees and other relevant deductions to help you set your target offer price where you will know how much you will be paid before you offer your grain for sale.

### 3. How do I compare prices for trading on CGX versus selling in a standard “over the counter” transaction in the grain market?

For storage sites in Western Australia, CGX will trade on a Free-In-Store (FIS) basis, which

means the seller pays the costs of delivering the grain FIS to the buyer (that is, the seller pays the Storage Provider's receival fee on tonnes delivered and the buyer incurs the Storage Provider's shrinkage factor).

For storage sites other than in Western Australia, CGX will trade on a Delivered Site basis. That is, the buyer will pay the Storage Provider's receival fee and incur the Storage Provider's shrinkage factor.

This means sellers on CGX will be comparing like prices when placing an offer on CGX compared to what is being bid by buyers at sites across Australia.

#### **4. In what preference order are physical trades matched on CGX?**

Trades on CGX are matched based on the highest bid price first, or if multiple buyers have the same bid prices, the buyer who created the bid first will be matched to the offer over the others. Similarly, the lowest offer will be matched first, or if multiple sellers have the same offer price, the seller who created the offer first will be matched to the bid over the others.

In the instance that a firm bid is higher than a firm offer at market open and all other Parameters align to allow a match and trade; the grain will trade at the higher bid price.

#### **5. What is a Forward Contract on CGX?**

A Forward Contract is a way for a grower to secure a price for a specific quantity of grain that is to be delivered to a specified warehouse location during a date range in the future. CGX enables growers to create a Forward Contract offer at their target price for buyers to view and create matching or opposing bids.

#### **6. How does the Forward Contract acceptance work on CGX?**

If a grower matches a buyer's bid, then the grower will have had the opportunity to review all aspects of the bid, including grade spreads in the case of a multi-grade contract, prior to creating the matching offer. The buyer will then have the opportunity to review the contract and accept it's parameters within a 2-hour acceptance window.

If a buyer matches a grower's offer, then the buyer will have had the opportunity to review all aspects of the offer whilst creating the matching bid. In the case of a multi- grade offer, the grower will then have the opportunity to review the buyer's grade- spreads and accept or decline these within a 2-hour acceptance window.

#### **7. What happens once there is a Forward Contract match?**

CGX will generate a 'Broker Note' outlining all aspects of the Forward Contract including the counterparties to the contract. This contract is closely aligned to GTA's standard 'Broker Note' and 'Trade Rules'. At this point, the grower will have a direct contract with the buyer and will be able to communicate directly with the buyer if there is any requirement to do so.

#### **8. What if I am unable to meet my contractual obligations on a Forward Contract?**

If at any point between entering into a Forward Contract and title transferring the grain to CGX for settlement, you feel you will be unable to meet your obligations of the contract, you should immediately contact the buyer directly. The terms in which the contract has been entered into align closely with GTA's standard terms, which have provisions to assist in this process. If a grower and buyer mutually agree on a settlement external to CGX's settlement facility, both the buyer and the grower must notify CGX in writing immediately.

#### **9. If grain is delivered to a secondary site, how is a Forward Contract price calculated?**

In the event a grower is unable to deliver into the primary site listed on the 'broker note', they are able to deliver into the specified secondary site listed. The price will be adjusted based on the difference in the current seasons (at settlement time) GTA Location Differentials between the primary and secondary site.

#### **10. How will Canola oil and admixture adjustments be calculated?**

Canola Offer and Bid Prices are made on the basis of 42% oil bonification and 0% admixture. At settlement, payment for oil is based on the clean seed weight and is calculated on the delivered weight less the deduction for admixture as per Australian Oilseeds Federation (AOF). The oil bonus/penalty to the base price is calculated at 1.5% of the base price for every 1% of oil above/below the 42% oil content base.

#### **11. Can I Sell International Sustainability and Carbon Certification (ISCC) EU declared Canola on CGX?**

Yes. Simply select the CANEU grade in the offer screen. *Note: by doing so you are declaring that the canola you have on offer will meet the ISCC and you acknowledge that CGX will disclose the details of the buyer/seller to the seller/buyer post trade so that the appropriate ISCC EU Self Declaration process can be initiated between buyer and seller.*

#### **12. Is it true that I always own my grain when using CGX until I am paid?**

Yes. Payment security is paramount when selling on CGX. Sellers using CGX to sell their grain maintain title until their grain is sold and payment has been received from the Buyer. For nominated grain, CGX will hold your grain entitlement on bare trust. CGX will not at any time have any interest in your grain (financial or otherwise).

#### **13. What is a Bare Trust?**

The Bare Trust structure is a simple way to ensure you always maintain title to your grain. A Bare Trust is an agreement between you and CGX that your grain entitlement will be held in trust (due to some Storage Provider's requiring you to nominate CGX as the acquirer to sell your grain using CGX).

#### **14. What are gTickets?**

Grain Tickets ("gTickets") are issued by CGX as a unique electronic identification record of

your warehoused grain. Storage Provider's provide CGX with the ticket information from their warehousing systems to ensure the information on your gTickets is accurate. Where your Storage Provider requires you to nominate CGX you will also have to confirm all gTickets in your CGX Inventory. gTickets make it possible for you (or your Authorised Representative) to be in complete control of determining when, and for how much, you wish to buy or sell your grain using CGX.

#### **15. When is title transferred from Seller to Buyer?**

Title is transferred from Seller to Buyer upon the full receipt of payment from the buyer. This ensures enhanced security for the Seller.

#### **16. Does CGX ever handle trade payments from the Buyer?**

No. CGX has engaged Perpetual<sup>2</sup> as the independent Custodian to deal with all trade payments and disbursements. CGX at no time will hold funds due to either a Buyer or Seller.

#### **17. Will CGX provide a settlement facility for Forward Contracts?**

Yes. Once a contract reaches the specified delivery period on the contract the grower will be able to perform a title transfer to CGX, which will commence the settlement process (detailed instructions will be emailed to counterparties at the commencement of the delivery period). CGX's settlement facility will hold title to your grain in bare trust until the funds have been received from the buyer. As per CGX physical trade settlement facility, CGX will collect and disburse all the required industry levies, CGX fees and Storage Provider fees on your behalf.

#### **18. What happens if a Buyer doesn't pay on time?**

CGX will immediately advise the Seller, at which point the Seller has two options:

1. Extend the settlement period, at which point CGX will notify the Buyer; or
2. Terminate the sale contract for breach by the Buyer, by providing written notice to CGX. CGX will then notify the Buyer and reinstate the Seller's grain so it is available to be resold on CGX.

#### **19. Does CGX automatically deduct the relevant levies and fees?**

Yes. CGX will deduct any mandatory government and industry levies as well as any applicable Storage Provider's fees from sale proceeds and ensure they are paid automatically on your behalf. In order to enable intermediaries to better manage their own clients and control their own payment terms, CGX may not collect brokerage where intermediaries choose to manage their own relationships and invoice their clients directly.

#### **20. What options does a Seller have should a dispute arise with the Buyer?**

If, for whatever reason, a Buyer does not pay for grain they have purchased on CGX they are in breach of the sale contract terms and remain liable to the Seller. CGX will inform the Seller of the Buyer's details so that the Seller can take the appropriate action against the

Buyer, including debt collection, legal action and/or other mediation or dispute resolution processes as desired. GTA arbitration is an option and requires both parties to agree to participate in dispute resolutions.

## **21. What safeguards are in place to ensure Buyers are reliable?**

CGX has registration criteria for Buyers and applies trading limits to ensure that Buyers are able to meet their obligations and provides for penalties should a buyer not perform. CGX requires all prospective Buyers to provide relevant information during the registration process. All Buyers registered with CGX are also required to have a current 'storage and handling agreement' with participating storage providers they wish to purchase grain from. These Buyers represent over 200 grain companies (including domestic and international traders, exporters, end users, pool operators and more). Notwithstanding these criteria applied to buyers, the underlying principle of CGX is that title to grain does not pass from the seller until funds are received from the buyer.

## **22. What happens to my grain if CGX goes out of business?**

As CGX never holds title to your grain, there is no risk to you if CGX goes out of business. As your grain is not considered an asset of CGX, in the event of an insolvency (or similar) the liquidator cannot access any grain for sale on the CGX platform to repay debts and therefore any Nominated Grain is automatically released to the title holder (with assistance from Perpetual, the independent Custodian).

## **23. What is the minimum amount of grain I can sell on CGX?**

For grain in GrainCorp sites, all physical offers on CGX must consist of multiples of full tickets. Therefore, the minimum amount of grain tradable on CGX is subject to the size of at least one delivery ticket. For physical grain offered at non-GrainCorp sites, the minimum offer is five (5) tonnes. All forward contract offers have a minimum of 50 tonnes.

CGX also reserves the right to impose a minimum offer size as published on the website for both physical and forward offers.

## **24. Who is responsible for Storage fees during trade settlement?**

Storage fees are always the responsibility of the owner of the grain, and usually accrue on the first day of each month. When using CGX, title remains with the Seller until Perpetual (the independent custodian) notifies CGX that full payment has been received. Therefore the Seller is responsible for any applicable Storage Provider's storage fees prior to settlement and the Buyer becomes liable for Storage and any other applicable Storage Provider's fees following settlement (from the date cleared funds are received in the trust account and confirmed by Perpetual).

## **25. What does it cost to sell on CGX?**

It is free for growers to register and create offers on the exchange. CGX charges \$1.00/mt (plus GST) to sellers if your offer trades. In addition, CGX charges and collects \$0.20/mt (plus GST) to perform the secure settlement process (\$0.10mt of which is the cost of the Custodian).

## **26. When can I use the Clear Grain Exchange?**

The CGX website is accessible 24 hours, 7 days a week. The exchange trading hours are between 10:00-10:05am and 6.30-6:35pm AEST each Business Day. Bids and Offers entered on CGX outside these hours will be recorded, time and date stamped (in the sequence they are received by CGX) ready for matching at the commencement of trading the following Business day.

## **27. Do I have to use a Broker/Agent or Advisor to buy or sell grain-using CGX?**

No. You have the option of the CGX direct grower access online service or to choose an Authorised Representative of your choice (Broker, Agent or Advisor). CGX has over 60 registered Authorised Representatives across Australia so you can still choose to nominate any Broker, Agent or Advisor to act on your behalf and assist you in selling or purchasing grain on CGX if preferred.

## **28. What happens if I want to get my grain out of CGX?**

As there is no requirement for you to nominate your grain to CGX at sites with integration you do not need to do anything to get your grain out of CGX (simply cancel any offers).

Grain offered at sites without integration (such as CBH, Viterra, Grainflow, Emerald), you are able to offer and trade warehoused grain without nominating CGX upon delivery. You are only required to transfer your grain to CGX once your grain has traded. For assistance with this please refer to the Trade Confirmation Note and Transfer Request sent to you from CGX once your grain has traded or contact your Storage Provider.

## **29. What is ClearASSURANCE?**

ClearASSURANCE is an off-market trade facilitation service. It allows buyers and sellers to facilitate off-market trades via CGX's secure and exclusive settlement facility. Please contact CGX directly for more detail on off-market trades via ClearASSURANCE.

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- <sup>1</sup> These Frequently Asked Questions are for general guidance only and do not form part of the Clear Grain Exchange Terms and Conditions.
  - <sup>2</sup> Perpetual Nominees Limited acts as an Authorised Representative of Perpetual Trustee Company Limited ("PTCL") under PTCL's Australian Financial Services Licence number 236643 (Authorised Representative number 266798).