



Clear Grain Exchange

**Buyer & Trader
Frequently Asked Questions**

NZX Holding No. 4 Limited
trading as Clear Commodities
ABN 72 375 021 249

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Clear Grain Exchange Terms and Conditions

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Frequently Asked Questions for Buyers and Traders¹

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

Buying Grain using CGX

1. How do I become a registered Buyer on CGX?

Simply fill out the two required buyer registration forms from www.cleargrain.com.au/buy/about and email or fax them through to CGX. CGX will then contact you regarding the registration and discuss trading limits. Note: CGX does require a buyer has a current 'storage and handling agreement' with participating grain storage providers and is registered for GST in Australia.

2. How can I create bids on CGX to purchase grain?

Creating bids on CGX is easy; there are three types of bids:

Individual Bid – This creates a single bid for a site/grade/season combination and is ideal if you wish to purchase a specific offer from the market or are only interested in purchasing specific grain.

Bid Sheet – This creates multiple bids across a port zone for a range of grades per season. You simply create a bid sheet template that allows you to customise what sites you want included and what freight rates you want used (if different to the standard GTA location differentials), and you can then edit the price daily.

Bid File – A bid file allows you complete customisation and allows for absolute scalability. You are able to upload a CSV of bids that can cover all combinations of site/grade/seasons in the one file.

3. What price and quantity specifications does CGX use?

All offers, bids and trades on CGX are based on a Free-In-Store (FIS) price and shrunk tonnes. All trade funds need to be received from the buyer into the custodial account on or before the fifth business day from the trade date.

FIS simply means the seller will cover all of the warehousing fees up until the day of trade settlement, including receival and storage fees. The buyer is then responsible for any ongoing storage and outturn fees.

Shrunk tonnes mean the Bulk Handler shrinkage has already been applied. This means what you purchase on CGX is the exact amount you are able to outturn.

4. What contract types does CGX trade?

CGX has two types of transactions; a Physical Grain transaction and a Forward Contract transaction.

A Physical Grain transaction applies to grain in warehouse with an approved grain storage provider. The grain will become available to the buyer upon funds being received by CGX (funds need to be received within 5 business days of the trade date).

A Forward Contract is a contract with a seller that locks in a price on the day the contract is agreed but specifies a delivery date of physical grain in the future. Upon the seller performing a title transfer into CGX's settlement facility within the delivery period, the buyer will receive a Trade Settlement Note with the required payment details, and the physical grain will be made available to the buyer upon funds being received by CGX (funds need to be received within 5 business days of the seller performing a title transfer).

5. How does the Forward Contract acceptance work on CGX?

If a seller matches a buyer's bid, then the seller 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 (including counterparty) and accept or decline its parameters within a 2-hour acceptance window.

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

6. 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 buyer will have a direct contract with the seller and will be able to communicate directly with the seller if there is any requirement to do so.

7. How much does it cost to buy grain on CGX?

It is free for buyers to register and create bids on the exchange, CGX only charges \$1.00/mt for Physical Grain purchased and just \$0.50/mt for Forward Contracts entered into. These fees will be added to the trade price and sent to the buyer on the Trade Confirmation Note.

8. Does CGX notify Sellers of my bids on my behalf?

Yes. CGX notifies sellers with open offers in CGX, and also notifies all active sellers who have matching grain warehoused within GrainCorp (as part of the GrainCorp-CGX integration). This means that even if there are no current offers matching what you are looking for, you can create a bid and CGX will notify the relevant sellers who can then instantly accept your bid directly out of warehouse. CGX notifies Sellers of your bids via SMS, twitter and through the market and sell opportunities screens on the website.

9. In what preference order are physical trades matched on CGX?

Trades on CGX are matched based on the buyer with 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. This means the most effective way to ensure you purchase grain over another buyer is to create your best priced bid as early as possible, even if this means bidding above the offer price.

10. How do I know the physical offered grain exists and will be available?

The integration of CGX with GrainCorp ensures grain offered within GrainCorp storage sites is available upon being offered, whilst on offer and once a trade is created, over the settlement prior, a true end to end solution. It does this by securing the title of the grain to ensure the grain remains available for the buyer upon settlement.

For grain in other Storage Providers (Nominated Ticket Grain Sale Contract) and Forward Contracts the grain is not guaranteed to exist when offered or traded. Rather the seller is obligated to transfer the required grain post trade confirmation similar to how grain is traded outside of CGX. Settlement will not take place until the required grain transfer is received from the seller.

11. What happens if grain is not received from the seller?

If the seller has failed to have grain available for transfer within the required timeframe CGX will immediately advise the buyer. At the option of the buyer the settlement period may be extended via written notice specifying the new settlement expiry date. Alternatively the buyer can elect to have the sale contract terminated for breach by the seller in which case the seller will remain liable. 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 buyer and seller mutually agree on a settlement external to CGX's settlement facility, both the buyer and seller must notify CGX in writing immediately.

12. Are there any limits to protect my daily exposure?

CGX has two methods of minimising risk exposures; all bids have capped tonnage limits set at the time of creating bids, and all traders have daily physical grain trading tonnage or value limits which can not be exceeded. You also have the ability to instantly cancel all open bids in the market or edit them as required.

13. How will Canola oil and admixture adjustments be calculated?

For Physical Transactions, canola is traded on a flat FIS price, meaning there are not any price adjustments for oil or admixture content applied. Offers and bids for physical canola on CGX should therefore be adjusted to factor in the current stack average oil and admixture prior to being created in the CGX market.

For Forward Contracts, as the stack average is often unknown at the time of matching, 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% oil above or below the 42% oil content base.

14. Can I trade International Sustainability and Carbon Certification (ISCC) EU declared canola on CGX?

Yes. Simply select the CANEU grade to bid or offer. 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.

15. If grain is delivered to a secondary site against Forward Contracts, how is price calculated?

In the event that a seller 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.

Selling GrainCorp Bulk Grain using CGX

1. Do I need to transfer GrainCorp Bulk Grain to sell through CGX?

No. The integration between CGX and GrainCorp allows traders to create offers on Bulk Grain without it leaving your GrainCorp account or inventory position. This enables you to instantly create an offer and/or accept a bid to trade your Bulk Grain, and you remain completely anonymous throughout the process.

2. How much does it cost to sell Bulk Grain through CGX?

Selling Bulk Grain through CGX costs \$0.50/mt (made up of a \$0.40/mt CGX fee and a \$0.10/mt Custodial fee³ to provide secure settlement).

3. What happens whilst my Bulk Grain is on offer?

CGX will periodically and automatically validate the offered grain's availability for sale at GrainCorp. If the grain is no longer available for sale the offer will be automatically cancelled. The seller retains complete control of the offer with the ability to instantly edit or cancel the offer.

4. What happens when my Bulk Grain trades?

Prior to being matched with a bid to trade, CGX will automatically re-validate the grain's availability at GrainCorp to ensure it is a firm offer and then proceed to automatically transfer the grain into CGX's custodial³ account to secure title to the grain for the buyer upon settlement. If the grain is no longer available in GrainCorp for sale, the offer will be automatically canceled and will not trade.

Upon funds being received from the buyer into CGX's custodial³ account within 5 business days, title to the grain will automatically be transferred to the buyer and the funds will be disbursed to you as the seller. This unique secure settlement mechanism eliminates counterparty risk for both the seller and buyer.

5. Does this mean CGX can store my inventory details?

No. CGX does not retrieve or store any Traders inventory information. CGX is only able to validate a specific site/grade/season upon you as the seller creating an offer on the exchange. CGX does not have the ability to view your inventory outside of this user driven process, ensuring all your information remains confidential.

Selling Bulk Grain in other Storage Providers (e.g. Viterra/CBH/Grainflow) using CGX

1. Can I sell Bulk Grain stored at other Bulk Handlers² through CGX?

Yes. Bulk Grain stored at Viterra/CBH/Grainflow in WA and SA can be nominated to CGX by completing a buyer-to-buyer transfer into CGX. This grain will then become available in your CGX account and can be offered for sale and/or accept a bid to trade your Bulk Grain. There is a process in place where-by approved traders do not need to transfer grain into CGX before offering their Bulk Grain. Please contact CGX for further information.

2. How much does it cost to sell Bulk Grain through CGX?

Selling Bulk Grain through CGX costs \$0.50/mt (made up of a \$0.40/mt CGX fee and a \$0.10/mt Custodial³ fee to provide secure settlement). CGX will also collect any incurred Bulk Handler storage fees on your behalf.

3. What happens when my Bulk Grain trades?

Once your grain trades you will receive a trade confirmation and upon funds being received from the buyer into CGX's custodial³ account within 5 business days of the trade date, title to the grain will automatically be transferred to the buyer and the funds will be disbursed to you as the seller. This unique secure settlement mechanism eliminates counterparty risk for both the seller and buyer.

4. What happens if I want to get my grain out of CGX?

"Reversing" your grain out of CGX is simple; all you need to do is request a transfer of the specific parcel of grain through your CGX account. The grain will then become available in your bulk handler inventory shortly after. Note: If your grain has incurred storage fees whilst in your CGX account, you will receive an invoice from CGX for these fees upon requesting a transfer.

General CGX FAQ's

1. What hours is the CGX market open for trading?

The exchanges trading hours are between 10:00-10:05am and 6.30-6:35pm AEST each Business Day. The CGX website however remains accessible 24 hours, 7 days a week. 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 business the following Business Day.

2. Can I access extended payment term options to purchase grain?

Yes, in certain circumstances. CGX may develop relationships with Designated Credit Providers (DCP's) who may provide trade-financing options to eligible CGX users. Please contact CGX for more information on how to access these options.

3. Does CGX ever handle trade payments?

No. CGX has engaged Perpetual³ 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.

4. Is it true that the seller always owns their grain when using CGX until paid?

Yes. Sellers using CGX to sell their grain always maintain title until their grain is sold and full 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).

5. What is a Bare Trust?

The Bare Trust structure is the simplest way to ensure sellers always maintain title to their grain. A Bare Trust is simply an agreement between the seller and CGX that their grain entitlement will be held in trust (due to some Bulk Handlers requiring you to nominate CGX as the acquirer² to sell your grain using CGX). Under the Bare Trust structure CGX is obliged to pre-pay Bulk Handling fees on your behalf and will be reimbursed when you sell your grain.

6. When is title transferred from Seller to Buyer?

Title is only transferred from Seller to Buyer upon the full receipt of payment within 5 business days of the trade. This ensures enhanced security for the Seller.

7. What happens if a Buyer doesn't pay on time?

CGX will immediately advise the Seller, at which point the Seller has 2 options:

- Extend the settlement period, at which point CGX will notify the Buyer; or
- 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.

8. 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.

9. What is ClearASSURANCE?

ClearASSURANCE is a trade facilitation service; built to allow 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.

¹ These Frequently Asked Questions are for general guidance only and do not form part of the Clear Grain Exchange Terms and Conditions.

² Currently storage providers in Australia other than GrainCorp require nomination. For example; CBH in Western Australia, Viterro and Grainflow in South Australia.

³ 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).