



Clear Grain Exchange

Grower
Frequently Asked Questions

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

www.cleargrain.com.au 1800 000 410

Clear Grain Exchange Terms and Conditions

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Frequently Asked Questions for Growers¹

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.

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

If delivering grain to a GrainCorp site 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 outside of the GrainCorp network (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 prior to 4pm the following day.

All offers on CGX are firm, meaning they can trade if the bid and offer match, and 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.

Alternatively, if you prefer to use an intermediary (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 (ie. 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 a realistic offer price where you will know how much you will be paid before you offer your grain for sale.

3. 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.

4. 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.

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

If a grower matches a buyers 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.

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 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.

7. 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.

8. 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.

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

For Physical Transactions, canola is traded at a flat FIS price, meaning there are no price adjustments for oil or admixture content applied. An Offer Price for physical canola on CGX should therefore be adjusted to factor in the current stack average oil and admixture prior to being made firm in the CGX market.

Regarding Forward Contracts for Canola, the Offer Price and the Bid Price 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.

10. Can I trade 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.

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

Yes. There is no safer way to sell your grain. 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).

12. What is a Bare Trust?

The Bare Trust structure is the simplest way to ensure you always maintain title to your grain. A Bare Trust is simply an agreement between you and CGX that your 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.

13. What are gTickets?

Grain Tickets (“gTickets”) are issued by CGX as a unique electronic identification record of your warehoused grain. Bulk Handlers provide CGX with the ticket information from their warehousing systems to ensure the information on your gTickets is accurate. Where your Bulk Handler 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.

14. 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.

15. Does CGX ever handle trade payments from the Buyer?

No. CGX has engaged Perpetual 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.

16. 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 BHC fees on your behalf.

17. 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 Sellers gTicket so it is available to be resold.

18. Does CGX automatically deduct the relevant levies and fees?

Yes. CGX will continue to deduct any mandatory government and industry levies as well as any applicable Bulk Handling 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.

19. 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.

20. What safeguards are in place to ensure Buyers are reliable?

CGX has strict registration criteria for Buyers and imposes 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 bulk handlers they wish to purchase grain from. These Buyers represent over 200 leading grain companies (including domestic and international traders, exporters, end users, pool operators, bulk handlers, feed millers, stock feeders and more) who have continuously made good on their obligations.

21. 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 never 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).

22. What is the minimum amount of grain I can sell on CGX?

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

23. 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 Bulk Handling fees prior to settlement and the Buyer becomes liable for Storage and any other applicable Bulk Handling fees following settlement (from the date cleared funds are received in the trust account and confirmed by Perpetual).

24. What does it cost to sell on CGX?

It is free for growers to register and create offers on the exchange, CGX only charges \$1.00/mt if your offer trades. To provide the settlement facility, the custodian charges \$0.10/mt, which CGX passes on, at cost, to the seller.

25. When can I use the Clear Grain Exchange?

The Clear Grain Exchange is accessible 24 hours, 7 days a week for users to place firm offers or bids. The market is open for business between the hours of 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 business the following Business Day.

26. Do I have to use a Broker/Agent or Advisor to buy or sell grain using CGX?

No. CGX offers a direct grower access online service so you do not have to use an intermediary (Broker, Agent or Advisor) if you prefer to sell your grain without direct assistance. CGX has over 60 registered intermediaries across Australia so you can still choose to nominate any Broker, Agent or Advisor as your Authorised Representative to act on your behalf and assist you in selling or purchasing grain on CGX if preferred.

27. 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 GrainCorp sites, you do not need to do anything to get your grain out of CGX (simply cancel any offers).

Likewise with other bulk handlers 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 Bulk Handler.

28. 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.

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- 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, Viterra 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).