

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 Buyers and Traders¹

Clear Grain Exchange (CGX) is an electronic market developed to facilitate the trading of forward and physical transactions for Australian grain, and intended to provide Australia-wide industry transparency. Please find below 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 contact CGX via support@cleargrain.com.au or phone 1800 000 410 and we will provide you with the appropriate forms.

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, payment terms and quantity specifications does CGX use?

CGX contract terms and conditions are based on the Grain Trade Australia (GTA) standard contracts for the industry.

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.

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.

4. What contract types does CGX trade?

CGX has different types of transactions including: 1) Physical grain 2) Forward contract 3) Track contract.

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).

A Track Contract is a contract with a seller with minimum tonnage increments of 1,000t and standardised terms including fixed grades and delivery periods. CGX may not settle Track Contracts unless a Circle Trade is established or it is requested by the buyer and seller. Buyers and sellers of Track Contracts must set trading limits for other users.

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 an 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 an 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's free for buyers to register and create bids on the exchange. Fees are only incurred if a trade occurs. CGX charges \$1.00/mt (plus GST) for Physical grain purchased and \$0.50/mt (plus GST) for Forward Contracts and Track Contracts entered into. These fees will be calculated on delivered tonnes basis and are added to the trade price and are sent to the buyer on the Trade Confirmation Note.

In the case that CGX settles Track Contracts a settlement fee of \$0.20/t exists charged to sellers.

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 requested notification of opportunities. This means that even if there are no current offers matching what you are looking for, you can create a bid and CGX can notify the relevant sellers who can then instantly accept your bid. 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?

For grain in Storage Providers without integration (Nominated Ticket Grain Sale Contract), Forward Contracts and Track Contracts the grain is not guaranteed to exist when offered or traded, exactly the same as occurs in a standard "over the counter" transaction in the grain industry. The seller is obligated to transfer the required grain post trade confirmation, similar to how grain is traded in the "over the counter" market. Settlement will not take place until the required grain transfer is received from the seller.

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

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 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 a number of methods to minimise 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 that cannot be exceeded. You also have the ability to instantly cancel all open bids in the market or edit them as required at any time. For Track Contracts you set trading limits for other counterparties before a trade can occur.

13. 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.

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

Yes. Simply select the CANEU grade when creating your bid. *Note: by doing so 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 Bulk Grain in Storage Providers using CGX

1. How do I sell Bulk Grain through CGX?

Traders simply need to confirm the tonnes they hold by crediting their CGX account before they may offer their bulk grain. 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. 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 Custodial² fee to provide secure settlement).

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 custodial² account within 5 business days of the trade date, title to the grain will 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.

General CGX FAQ's

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

The exchange trading hours are between 10:00-10:05am and 8.30-8:35pm 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 trading 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 Perpetual² 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. 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 a simple way to ensure sellers always maintain title to their grain. A Bare Trust is an agreement between the seller and CGX that their grain entitlement will be held in trust. 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. This ensures enhanced security for the Seller.

7. Who is responsible for monthly storage fees during trade settlement?

Buyers of a trade are liable for any monthly storage fees incurred whilst grain is held in CGX's secure settlement facility awaiting payment from the buyer. Growers are obviously liable for any monthly storage fees incurred on their grain before they transfer to CGX's secure settlement facility.

8. 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.

9. 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.

10. 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.

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

2 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).