

# Frequently Asked Questions

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



# **CLEAR Terms and Conditions**

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## **Frequently Asked Questions<sup>1</sup>**

The CLEAR Grain Exchange is an electronic platform developed to facilitate the trading of grain harvested in Australia, and intended to provide Australia-wide industry transparency. Please find below some of the most frequently asked questions regarding the CLEAR Terms and Conditions as they relate to the CLEAR Grain Exchange.

### **1. How do I market my grain using CLEAR?**

As soon as you deliver your grain to a GrainCorp site you will automatically see your warehoused grain on CLEAR, ready for you to sell. No-one else can see your warehoused grain except for you (and any Broker or Advisor that you appoint as your Authorised Representative). Other Bulk Handlers (ABB Grain in South Australia and CBH in Western Australia) currently require you to nominate CLEAR on delivery or title transfer your warehoused grain to CLEAR. If you are not registered to use CLEAR then we will contact you following delivery to complete your registration or you can simply complete an online registration form yourself anytime (before or after delivery) or call CLEAR on 1800 000 410 if you require further assistance.

### **2. Once my grain is on CLEAR how do I sell it?**

CLEAR provides a do-it-yourself (DIY) service so that you can set your own sale price and publish it to over 100 registered buyers. Alternatively, if you prefer to use a Broker or Advisor to assist you in marketing your grain you can nominate them as your Authorised Representative on CLEAR and they can market your grain for you. CLEAR provides you with direct access to all buyer bids and previous sale information for all grades of grain at every location in Australia. CLEAR also 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 know exactly how much you will get in your hip pocket before you offer your grain for sale.

### **3. What are gTickets?**

Grain Tickets ("gTickets") are issued by CLEAR as a unique electronic identification record of your warehoused grain. Bulk Handlers provide CLEAR 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 CLEAR you will also have to confirm all gTickets in your CLEAR 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 the CLEAR Grain Exchange.

**4. Is it true that I always own my grain when using CLEAR until I am paid?**

Yes. There is no safer way to sell your grain. Sellers using CLEAR to market their grain always maintain title until your grain is sold and full payment has been received from the Buyer. For nominated grain, CLEAR will hold your grain entitlement on bare trust. CLEAR will not at any time have any interest in your grain (financial or otherwise).

**5. What is a Bare Trust?**

A Bare Trust is simply an agreement between you and CLEAR that your grain entitlement will be held in trust (due to some Bulk Handlers requiring you to nominate CLEAR as the acquirer<sup>2</sup> to sell your grain using CLEAR). The Bare Trust structure is the simplest way to ensure you always maintain title to your grain. Under the Bare Trust structure CLEAR is obliged to pre-pay Bulk Handling fees on your behalf and will be reimbursed when you sell your grain.

**6. When can I use the CLEAR Grain Exchange?**

The CLEAR Grain Exchange is accessible 24 hours, 7 days a week and is open for business between the hours of 10.00am and 6.00pm AEST each Business Day. Bids and Offers entered on CLEAR outside these hours will be recorded, time and date stamped (in the sequence they are received by CLEAR) ready for matching at the commencement of business the following Business Day.

**7. 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.

**8. Does CLEAR ever handle trade payments from the Buyer?**

No. CLEAR has engaged Perpetual<sup>3</sup> as the independent Custodian to deal with all trade payments and disbursements. CLEAR at no time will hold funds due to either a Buyer or Seller.

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

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

- Extend the settlement period at which point CLEAR will notify the Buyer; or
- Terminate the sale contract for breach by the Buyer by providing written notice to CLEAR. CLEAR will then notify the Buyer and reinstate the Sellers gTicket so it is available to be resold on the CLEAR Grain Exchange.

#### **10. 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 CLEAR they are in breach of the sale contract terms and remain liable to the Seller. CLEAR 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, however GTA requires both parties to agree to participate in dispute resolutions.

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

CLEAR 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. CLEAR requires all prospective Buyers to provide relevant information during the registration process to enable CLEAR to undertake background and financial checks (using Dun and Bradstreet's global database and other mechanisms) prior to approving an application. All Buyers registered with CLEAR are also required to be members of a reputable industry association (such as GTA, GIAV, Flour Millers Association, etc) and typically would have a good standing reputation in the industry. Over 100 buyers and bulk handlers are currently registered on the CLEAR Grain Exchange, having successfully met the registration criteria and continuously made good on their obligations. These Buyers represent over 70 leading Australian grain companies (including domestic and international traders, exporters, end users, pool operators, farmer buyers, bulk handlers, feed millers, stock feeders and more).

#### **12. What happens to my grain if CLEAR goes out of business?**

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

#### **13. What's the minimum amount of grain I can sell on CLEAR?**

There is no minimum quantity of Grain that a Registered User is required to deposit at a Storage Provider in order to use the CLEAR System. This harvest all grain traded on CLEAR will be multiples of full tickets, ensuring there will be no split tickets. Therefore, the minimum amount of grain tradable on CLEAR is subject to the size of at least one ticket.

#### **14. What happens if I want to get my grain out of CLEAR?**

As there is no requirement for you to nominate CLEAR at GrainCorp sites, you do not need to do anything to get your grain out of CLEAR (just remove any offers you have in place). Remember that once your grain is not on offer you are not eligible to receive bids from Buyers on CLEAR anymore. "Reversing" your grain out of CLEAR is pretty straight forward with other Bulk Handlers as well (for example ABB Grain in South Australia and CBH in Western Australia) where you simply need to complete a Weighnote Amendment Form or a Load Correction Form (or similar). For assistance with this please contact your local Bulk Handler.

#### **15. Do I have to use a Broker to buy or sell grain on CLEAR?**

No. CLEAR has recently announced our new Do-It-Yourself service so you do not have to use a Broker if you prefer to market your grain without direct assistance. CLEAR currently has over 50 registered brokers across Australia so you can still choose to nominate any Broker, Advisor or Agent as your Authorised Representative to act on your behalf and assist you in marketing or purchasing grain on CLEAR if you want to.

#### **16. Does CLEAR automatically deduct relevant government and industry levies, bulk handling and other fees?**

Yes. CLEAR 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 Brokers to better manage their own clients and control their own payment terms, CLEAR will no longer collect brokerage. Brokers will manage their own private relationships and invoice their clients directly.

#### **17. 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. On CLEAR title remains with the Seller until full payment has been received by Perpetual, the independent custodian. 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).

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1. These Frequently Asked Questions are for general guidance only and do not form part of the Terms and Conditions
  2. Currently CBH (Western Australia), ABB Grain and AWB Grainflow (South Australia) still require nomination
  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)