

Euronext Instruction  
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## **TECHNICAL SPECIFICATIONS OF THE NITROGEN FERTILISER SOLUTION UAN 30 - FUTURE CONTRACT**

### **Article 1 - PRELIMINARIES**

The prescribed terms of arrangement in respect of a Derivative which is an Admitted Financial Instrument are published by the Euronext Derivatives Markets as Contract Specifications.

The present document sets forth the specific rules and regulations governing the transactions carried out on the Nitrogen fertiliser solution UAN 30 Future Contract quoted in EUROS. It is supplemented by the clearing rules issued by the clearing house, LCH SA, relative to the delivery of the Nitrogen fertiliser solution UAN 30 Future Contract.

### **Article 2 - PRINCIPLE**

The trading of this contract is governed by MATIF rules and regulations. The clearing of this Nitrogen fertiliser solution UAN 30 Future Contract is governed by LCH SA rules and regulations.

Any potential market participant should familiarise itself with, and apply the General terms and conditions (GTC) of the approved Terminal, insofar the provisions of the GTC are relevant in respect of the situation, and should keep itself informed of their updates.

## **CHAPTER I - THE CONTRACT**

### **Article 3 - UNDERLYING SECURITY ASSET**

The Nitrogen fertiliser solution UAN 30 Future Contract's underlying security asset is a nitrogen fertilizer solution derived from urea and ammonium nitrate as per EU REGULATION (EC) No 2003/2003 OF THE EUROPEAN PARLIAMENT ("the goods" or the commodity") relating to fertilisers as amended from time to time and EU REGULATION (EC) No 1907/2006 (REACH), Annex II, with sound, fair and merchantable quality, all duties and taxes paid, and having the following specifications:

#### **Chemical analysis:**

- Total Nitrogen content: 30 %<sup>1</sup>,  
Ureic nitrogen 15%, Ammoniacal nitrogen 7,5%, Nitric nitrogen 7,5%

#### **Physical analysis:**

- Appearance: No sediment, free of solid particles
- Relative density equivalent at 20°C +/-0,5°C= 1,305-1,325
- Containing corrosion inhibitor

### **Article 4 - TRADING UNIT**

The Nitrogen fertiliser solution UAN 30 Future Contract is for 30 metric ton lots of goods of homogeneous quality, all duties and taxes paid, made available in bulk.

## **CHAPTER II - TRADING DAY**

### **Article 5 – TRADING SYSTEM AND TRADING HOURS**

The Nitrogen fertiliser solution UAN 30 Future Contract is traded on the UTP electronic system or its successor, during the following hours (Paris time) :

Pre-opening :           7:04 a.m. - 10:45 a.m.

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<sup>1</sup> Tolerance margins in accordance with EC regulation 2003/2003, (Annex II, 1.1, 4.). Total nitrogen grade as per contract 30% (can also stem from UAN-32 solution with increased water content).

Trading session : 10:45 a.m. - 6:30 p.m.

### **Article 6 - CONTRACT MONTHS**

Operations are transacted on 10 consecutive contract months.

Contract months are: March, June, September, November.

### **Article 7 – EXPIRY DATE OF A CONTRACT MONTH**

Contracts expire on the date specified by the Exchange, in principle the 10<sup>th</sup> calendar day of the month preceding the delivery month (or any prior Trading Day if the 10<sup>th</sup> is a non-trading day), in accordance with the schedule established by the business market.

The opening of a new contract will occur on the date set by the Exchange, in principle on the first trading day of the month following the expiration of a contract, in accordance with the schedule established by the Exchange.

Any change in schedule will apply only to contract months for which there are no open positions.

### **Article 8 - QUOTATIONS**

The contract unit is 30 metric tons (minimum/maximum).

Quotations are made in EUROS (EUR) per metric ton. They are expressed exclusive of tax.

The minimum quotation set is 0,25 EUR per metric ton.

### **Article 9 - DAILY SETTLEMENT PRICE (DSP)**

The Settlement System in Market Services will be used to calculate the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by Euronext Paris S.A. This period is known as the “Settlement Range”. However,

Euronext Paris S.A will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

- (a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:
- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:
- (c) the price midway between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be in accordance with that set out in the relevant contract specifications. In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;
- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

#### **Article 10 – EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)**

The EDSP for a particular delivery month shall be calculated by Exchange officials on the Last Trading Day, as follows:

The prices, offers or bids used for the calculation of the EDSP shall be those during the two minute period immediately preceding cessation of trading. Where there are no prices, bids or offers in the previous two minutes, then the 30 minute period immediately preceding cessation of trading shall be used, and failing that the last trades, offers or bids prior to the 30 minute period.

- (a) if (as far as reasonably ascertainable) one or more Contracts for that delivery month have been made in the pit on the Last Trading Day:

- (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or
  - (ii) if more than one Contract has been made, the EDSP shall be the average rounded to the nearest 0.25 Euro of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such Contract;
- (b) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made but both an offer (or offers) and a bid (or bids) have been made in respect of a Contract (or Contracts) for that delivery month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price at which such a bid was made and such average shall be rounded to the nearest 0.25 euro ;
- (c) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and either no offer or no bid has been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials shall determine the EDSP by reference inter alia to the price at which any bid or offer, as the case may be, in respect of a Contract for that delivery month was made in the pit during such period on such day
- (d) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and neither an offer nor a bid have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made on the Last Trading Day for the delivery month and period referred to in paragraphs e(i) and (ii) below and, if necessary, rounded to the nearest 0.25 euro.
- (e) If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for:

(i) the relevant delivery month prior to the applicable period referred to in paragraphs (a), (b) or (c), as the case may be; or

(ii) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c), as the case may be,

then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the delivery month and period referred to, and, if necessary, rounded to the nearest 0.25 euro.

(f) The EDSP shall be final and binding for all purposes.

### **Article 11 - SPECIAL TRANSACTIONS**

The special transactions and strategies that are authorised on the Nitrogen fertiliser solution UAN 30 Future Contract are those agreed in the Euronext trading procedures.

## **CHAPTER III - DELIVERY**

### **Article 12 – PRELIMINARIES**

“MATIF delivery procedure”: The MATIF delivery procedure or “CCP delivery procedure” mentioned in this document refers to the delivery procedure which takes place under the guarantee of the clearing house (“MATIF” or “CCP” guarantee). Alternatively, the delivery procedure may take place without the “CCP” guarantee under the “alternative” procedure.

Potential users of the Nitrogen fertiliser solution UAN 30 Future contract should familiarise themselves with the contract terms, and the clearing house’s clearing rules. Potential users should notably be aware that, according to the clearing rules, the delivery will relate to goods already in-tank. Therefore, in addition, they should accordingly familiarise themselves with the terms and conditions applied from time to time by the approved terminal. Market participants with short

positions will be asked to provide evidence to their clearing members via storage certificate that they already hold the goods in-tank in such period prior to the Expiry - as set forth by the clearing house.

At maturity, any outstanding contract with the minimum quantity mentioned below will result in delivery by the seller and in accepting the delivery by the buyer, of metric tons of goods in accordance with the provisions of the present technical specifications.

The notification notice submitted to LCH SA by the Selling Clearing Member must be for a minimum quantity of 300 metric tons net per principal of Selling Clearing Member. Non-compliance with the minimum delivery quantity will constitute default by the Selling Clearing Member holding a short position for the corresponding quantity to be put forward for delivery on the notification form and will result in the application of article 27 of these contract specifications.

### ***Section 1 - Delivery notification***

#### **Article 13 - DELIVERY SCHEDULE**

Delivery takes place from the 6<sup>th</sup> trading day following the Expiry until the end of the Delivery Period.

“Delivery Period” is the period commencing on and including the 1<sup>st</sup> trading Day following the Expiry (mentioned on article 7) and up to the last working day of specified Contract month.

The detailed delivery schedule is mentioned on LCH SA’s clearing rules, notably into LCH SA’s Notice relating to the delivery procedure applied to nitrogen fertiliser solution UAN 30.

Mainly :

On the 1<sup>st</sup> trading day following the Expiry, the selling Clearing Member submits a notification notice to LCH SA in which it advises LCH SA of its intent to deliver, the terminal where delivery will take place, and the number of contracts involved.

- On the 2<sup>nd</sup> trading day following the Expiry, LCH SA assigns the notification notice to the buying Clearing Members, in accordance with the terms specified in LCH SA clearing rules.
  
- On the 3<sup>rd</sup> trading day following the Expiry, the selling Clearing Member transmits a Delivery Notice to the buying Clearing Member, which submits the delivery notice, completed and signed by the counterparts, to the LCH SA.

#### **Article 14 - DELIVERY NOTICE**

The issuance of a Delivery Notice and its acceptance concretises a commitment to deliver the commodity and accept delivery of the specified number of contracts at the specified place.

#### **Article 15 - ACCEPTANCE AND EXCHANGE OF DELIVERY NOTICES**

Under penalty of default, after the Expiry, all clearing members holding open buy positions on this contract, either for their own account or for the account of their principals, are obligated to accept the corresponding Delivery Notice. The notification notice and the Delivery Notice must conform to the models established by LCH SA.

The technical conditions in which the submission of Notification notice to Deliver takes place, their acceptance, the exchange of Delivery Notices and the reporting of the final list of assignments are specified by LCH SA Clearing rules.

#### **Article 16 – ALTERNATIVE DELIVERY PROCEDURE**

After notification notices have been assigned and the delivery notices have been sent to LCH SA, principals may, through an intermediary of their clearing members, agree to fulfil their obligations under conditions that differ from the contract specifications; in this event, the parties may only invoke provisions concerning delivery.

The clearing members acting on behalf of the parties involved will transmit a Notice of Performance to LCH SA in the forms specified by LCH SA Clearing Rules. Upon receipt of the Notice of Performance, the delivery margins cited in articles 17 and 18 hereinafter may be refunded

## ***Section 2 - Delivery margin***

### **Article 17 - DELIVERY MARGIN**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, guarantees the performance of his obligations or those of his principals.

To this end, on the 3<sup>rd</sup> day following the contract closing, the clearing member deposits a delivery margin with the clearing house in accordance with the amount and with the instruments accepted by the LCH SA. Upon receipt by LCH SA of a delivery margin or the Notice of Performance in case of alternative delivery procedure, the initial margin may be refunded.

### **Article 18 - ADDITIONAL DELIVERY MARGIN**

Until Notice of Performance of the contract is received, LCH SA may request an additional delivery margin, to be rendered immediately, if justified by a change in price of the underlying security asset.

The calculation and the terms of payment of this additional cover are specified by LCH SA clearing rules.

Additional delivery margins will be refunded upon receipt by LCH SA of the Notice of Performance specified in article 26 of these contract specifications.

### **Article 19 - FAILURE TO PUT UP MARGINS**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, who fails to put up

the margins cited in articles 17 and 18 of these contract specifications will be considered to be in default and his counterpart will benefit from the conditions specified in article 26 of these contract specifications, without prejudice to any legal proceedings that may be initiated.

Each time that the margins cited in articles 17 and 18 of these contract specifications are not advanced, LCH SA will immediately so advise the concerned clearing member and counterpart.

### **Article 20 – REFUND OF MARGINS**

LCH SA will refund the various above-cited margins upon receipt of the Notice of Performance of the contract cited in article 26 of these contract specifications, signed by the buying Clearing Member and the selling Clearing Member.

In the event of non-performance of the contract, the clearing house will only return the two counterparts' various margins upon production of:

- documentation of the resolution, in the event of non-performance due to force majeure specified in article 29 of these contract specifications;
- or of documentation of payment of a default indemnity by the defaulting party;
- or of documentation of a court decision, and from the convicted party, proof of payment of fines;
- or of documentation releasing the party accused of having defaulted from all blame.

### ***Section 3 - Delivery***

### **Article 21 - AVAILABILITY**

From the 4<sup>th</sup> trading day following the Expiry and until two working days before the planned delivery day, the buyer notifies the seller, in the forms specified by LCH SA clearing rules, the day on which the transfer of the goods should occur.

From the 5<sup>th</sup> trading day following the Expiry and until one working day before the planned delivery day, the seller notifies the terminal, pursuant to the General Terms and Conditions of the approved terminal and in the forms specified by LCH SA clearing rules, the day or day(s) on which the physical transfer of the goods will occur.

Delivery takes place from the 6<sup>th</sup> trading day following the Expiry until the end of the Delivery Period.

Delivery period is the period commencing on and including the 1<sup>st</sup> trading Day following the Expiry (mentioned on article 7) and up to the last working day of specified Contract month.

## **Article 22 - DELIVERY POINTS**

Each lot shall be made available FCA at the place of the approved terminal and presented "ready for loading" to the buyer ready to receive goods. The list of delivery points and their terms of authorisation are established into LCH SA's clearing rules.

Any change in the list of authorised delivery point applies only to contract months for which there are no open positions.

## **Article 23 – RISKS TRANSFER - OWNERSHIP TRANSFER**

Transfer of risk between seller and buyer is made pursuant to the FCA – 2010 Incoterm conditions of the accredited loading place.

The transfer of ownership occurs on the delivery day, once the buying Clearing Member's order giver has taken delivery of the goods either by:

- loading the goods on a truck, or,
- loading the goods on a train, or,

- the transfer of the goods from the selling Clearing Member's order giver storage capacity into the terminal book-entry to the buying Clearing Member's order giver storage capacity into the terminal book-entry, if any.

By exception, if the buying Clearing Member has ordered an analysis of the quality of the goods, the transfer of ownership only occurs when the buying Clearing Member and its order giver have received the results of analysis mentioning that the quality of the goods comply with the deliverable quality of the goods as per the contract specifications.

#### **Article 24 - RULES GOVERNING MERCHANDISE REMOVAL**

Subject to the technical specifications, the removal of the goods will be governed by the rules prevailing in the delivery points, i.e.:

- General Terms and Conditions of the approved terminal.
- or any other State or European regulatory provisions prevailing

#### **Article 25 - DELIVERABLE QUALITY**

The quality of the deliverable merchandise is defined as per details under Article 3 herein.

The approved terminal warrants that goods, according to the documents provided by the Selling clearing member's order giver, correspond to the specifications set under article 3 – "Underlying security asset".

#### **Article 26 - NOTICE OF PERFORMANCE**

Once the delivery of the goods has taken place and payment has been made, the selling Clearing Member transmits a Notice of Performance to the buyer, who files it with LCH SA, each of the party acknowledging the proper performance of their mutual obligations.

This document is drawn up by the clearing members in the name of and upon instructions from their principals.

To be valid, the document must conform to the model drawn up by LCH SA.

#### **Article 27 - DEFAULT**

In addition to the cases specified in article 19 of the present technical specifications, the selling clearing member, the buying clearing member, and/or their respective order-giver who prevents the performance of the contract under the terms specified in these technical specifications, will be considered to be in default.

The default will be subject to an adjustment procedure under the terms specified by LCH SA clearing rules.

#### **Article 28 - COMPENSATION FOR DAMAGES**

The application of the provisions ensuing from article 27 of these technical specifications will not constitute an obstacle to proceedings that the injured party may pursue in relation to the defaulting party if the injured party establishes that the failure to deliver, accept delivery, or to make payment resulted from gross or intentional negligence.

#### **Article 29 : FORCE MAJEURE**

Any event, independent of the will of the invoking party, of a compelling nature and generally not foreseeable, that prevents even temporarily the performance of the contract will be considered as force majeure.

A declaration of force majeure will not release the buyer or the seller from fulfilling the financial obligations specified in articles 17 and 18 of these technical specifications.

LCH SA specifies into its Clearing Rules the terms permitting one of the parties to invoke such a cause of non-performance due to force majeure and the principles governing its resolution.

**Article 30 : DISPUTES - JURISDICTION**

In the event of a dispute, the Parties shall seek first an amicable settlement to their conflict. Should such amicable settlement not be reached, the dispute will be submitted to the court as hereafter described.

In the event of a dispute not solved as abovementioned, the Paris Commercial Court shall have express and exclusive jurisdiction, even when there are several defendants or when a third party is involved, and including emergency proceedings or proceedings concerning protective measures, summary proceedings or ex parte proceedings.