

## LIFFE NOTICE NO. 3839

Issue Date: 13 June 2014

Effective Date: 1 July 2014

### WHEAT FUTURES CONTRACT (EXCHANGE CONTRACT NO. 405)

#### CHANGES TO THE WHEAT FUTURES CONTRACT AND GRAINSTOREKEEPER PROCEDURES IN RESPECT OF THE WHEAT FUTURES CONTRACT (“the GPs”) TO PERMIT WHEAT TO REMAIN IN A STORE BEYOND 31 JULY EACH YEAR

##### Executive Summary

This Notice informs Members that, with effect from the current 2013 -2014 season, Wheat may remain in Store beyond 31 July each year.

#### 1. Introduction

- 1.1 This Notice informs Members that, following consultation with market users and Grainstorekeepers, the Exchange is introducing changes to the Wheat Futures Contract and the GPs to allow the continued storage of Wheat in a Store beyond 31 July each year. The revised arrangements are intended to better reflect the requirements of users of the Wheat Futures market in respect of the storage of Wheat following the end of a Wheat season, which runs from the November Delivery Month to the July Delivery Month each year.
- 1.2 The amendments to the Wheat Futures Contract and the GPs, which are set out in the Attachment to this Notice, will become effective on 1 July 2014.

#### 2. Summary of the Revised Arrangements

- 2.1 With effect from the current 2013-2014 season, Owners of Wheat may continue to store Wheat in a Store beyond 31 July each year. Where Wheat remains in a Store beyond 31 July, the rights of the Owner of the Wheat will be determined by the contract between the Owner and the Grainstorekeeper and not the GPs.
- 2.2 Where Wheat is still present in a Store seven calendar days prior to the First Tender Day of the next season, a new E Warrant may be issued in respect of the Wheat for tender in the next season. If no new E Warrant is issued for the Wheat then the Wheat must be removed from the Store before the First Tender Day of the next season.
- 2.3 In the period around 31 July each year the Exchange will monitor the NYSE Liffe Guardian inventory of each Store and liaise with Grainstorekeepers to ensure that the Grainstorekeepers are on course to be able to comply with the seven calendar day deadline for the issue of new E Warrants or the removal of the Wheat from the Store.

**3. The status of E Warrants and records on NYSE Liffe Guardian where Wheat remains in a Store beyond 31 July**

- 3.1 Where Wheat remains in a Store beyond 31 July, the details of the Wheat recorded on NYSE Liffe Guardian will no longer constitute a valid E Warrant. Such invalid E Warrant will be designated as “Expired” on NYSE Liffe Guardian. An Expired E Warrant may remain on NYSE Liffe Guardian up to seven calendar days prior to the First Tender Day of the next season whereupon either a new E Warrant may be issued in respect of the Wheat or the Wheat must be removed from the Store.
- 3.2 Details of Wheat remaining in a Store beyond 31 July will continue to be held on NYSE Liffe Guardian under the Expired E Warrant until either the Wheat is removed from the Store or a new E Warrant is issued. Members and Grainstorekeepers will have the ability to view and maintain the NYSE Liffe Guardian record of Wheat held under an Expired E Warrant. However, any changes made to such record will be entirely at the risk of the Owner, Member and Grainstorekeeper. The Exchange will give no warranty or assurance as to the continuing accuracy of any record on NYSE Liffe Guardian in respect of Wheat represented by an Expired E Warrant.
- 3.3 NYSE Liffe Guardian will provide Grainstorekeepers with the functionality to simplify the process for issuing new E Warrants for Wheat remaining in Store after 31 July. User instructions for the new NYSE Liffe Guardian functionality will be issued to Grainstorekeepers in due course.
- 3.4 For further information in relation to this Notice, Members should contact:

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**Deletions ~~struck through~~ and additions underlined**

**Extract from the Grainstorekeeper Procedures (“GPs”)**

- 3.10 Recording of Wheat on NYSE Liffe Guardian and creation of an E Warrant
- 3.10.1 Where a Grainstorekeeper has in segregated storage an amount of Wheat equal to 100 tonnes and which is intended for Tender against a Wheat Futures Contract, the Grainstorekeeper shall enter on to NYSE Liffe Guardian the following details in respect of that Wheat:
- (a) the E Warrant number;
  - (b) the Store in which it is stored;
  - (c) the Owner; and
  - (d) the date up to which the Rent has been paid.
- 3.10.2 The recording of the details listed under Procedure 3.10.1 on NYSE Liffe Guardian shall constitute the creation by the Grainstorekeeper of an E Warrant in respect of the Wheat to which those details refer.
- 3.10.3 Following completion of the details required under Procedure 3.10.1 the Grainstorekeeper shall nominate a Clearing Member to act as Nominated Member on NYSE Liffe Guardian in respect of the E Warrant.
- 3.10.4 Upon acceptance of nomination on NYSE Liffe Guardian, the Clearing Member will become the Nominated Member in respect of the E Warrant.
- 3.10.5 The Nominated Member shall ensure that any changes of Owner in respect of an E Warrant are entered promptly and accurately on to NYSE Liffe Guardian.
- 3.10.6 Where requested by the Owner, the Nominated Member shall nominate another Clearing Member on NYSE Liffe Guardian to act in his place as Nominated Member in respect of the E Warrant, and the Clearing Member shall become the Nominated Member in respect of the E Warrant upon acceptance of such nomination. Where for any reason the Nominated Member is no longer to act as such in relation to the E Warrant, the Nominated Member shall as soon as practicable abdicate responsibility for that E Warrant and assign responsibility back to the Grainstorekeeper using NYSE Liffe Guardian.
- 3.10.7 Where responsibility for the E Warrant has been assigned back to the Grainstorekeeper in accordance with Procedure 3.10.6 the Grainstorekeeper shall ensure that any changes of Owner in respect of an E Warrant are entered promptly and accurately via NYSE Liffe Guardian.

3.10.8 An E Warrant in NYSE Liffe Guardian ceases to be valid pursuant to Wheat Futures Contracts after the 31 July following its creation. ~~The Grainstorekeeper must remove an invalid E Warrant from NYSE Liffe Guardian immediately.~~ The Owner and related parties may continue to use the record of the former E Warrant within NYSE Liffe Guardian as an off market record of ownership however any such use is entirely at the risk of the relevant Owner and its related parties and the Exchange gives no warranty or assurance as to the continuing accuracy of such record after 31 July and reserves the right to charge a reasonable administrative fee for corrections, updates or verifications of such records. Rights of the Owner and the Grainstorekeeper in respect of Wheat which was represented by an E Warrant which has become invalid are determined by the general law contract between the Owner and the Grainstorekeeper and not by the Grainstorekeeper Procedures.

3.10.9 Where any Wheat, the details of which are recorded on NYSE Liffe Guardian under an E Warrant, remains in a Store 7 calendar days prior to the first Tender Day of the Delivery Month after 31 July, the Grainstorekeeper must cancel the E Warrant and, where requested by the Owner, may create a new E Warrant for the next Wheat Futures season. Where Wheat remains in a Store 7 calendar days prior to the first Tender Day of the Delivery Month after 31 July and a new E Warrant has not been issued, the Grainstorekeeper must cancel the E Warrant and the Wheat must be removed from the Store.

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#### **Extract from the Administrative Procedures of the Wheat Futures Contract**

#### 9. E Warrants

- (a) No E Warrant shall be issued by a Grainstorekeeper except in respect of Wheat which is in Store, which is segregated from wheat not covered by an E Warrant, pursuant to procedure 3.6 of the Grainstorekeeper Procedures, from the time when the E Warrant is created by the Grainstorekeeper on NYSE Liffe Guardian, and which will remain so segregated until the Wheat is delivered out in full against the E Warrant.
- (b) ~~An Owner shall withdraw from a Store the whole of his entitlement on or before~~ E Warrants shall cease to be valid hereunder from the 31st of July next following an Owner's acceptance of the E Warrant.