

CONTRACT RULES: ICE FUTURES UK FEED WHEAT FUTURES CONTRACT

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SECTION KKKK - CONTRACT RULES: ICE FUTURES UK FEED WHEAT FUTURES CONTRACT

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¹ Amended 01 March 2019

² Amended 22 February 2019

KKKK.1 INTERPRETATION³

- (a) Save as otherwise specified herein, words and phrases defined in the Regulations shall have the same meanings in these Contract Rules and in the Administrative Procedures.
- (b) In these Contract Rules and in the Administrative Procedures:
- “Administrative Procedures” means the administrative procedures at Rule LLLL implemented by the Exchange for the purposes of these Contract Rules.
- “Analyst” means a person nominated by the Exchange from time to time to carry out the analysis of samples in accordance with Rule LLLL.10.
- “Business Day” means a day on which the market, the Clearing House and banks in London are open for business.
- “Buyer” in respect of a Contract means the person who is obliged under such Contract to accept transfer in respect of each lot of the delivery amount of Wheat and to pay the Invoicing Amount in respect of each such lot (including, except where the context otherwise requires, the Clearing House as a Buyer under a registered Contract).
- “Clean E Warrant” means an E Warrant Tendered by a Seller for which the details on Guardian have been updated to reflect that the Rent has been paid up to and including the fourteenth calendar day after the Tender Day in accordance with the Grainstorekeeper Procedures.
- “Contract” means a contract made expressly or impliedly in the terms of these Contract Rules for the sale and purchase of one or more lots and “registered Contract” means a Contract registered by the Clearing House.
- “Default in Performance” has the meaning attributed to it in Rule KKKK.17(b).
- “Delivery Month” means each month specified as such by the Exchange pursuant to the Regulations.
- “ECS” means ICE Clear Europe Limited’s Extensible Clearing System.
- “Earliest Tender Day” means the day so specified in Rule LLLL.5.
- “EDSP” means Exchange Delivery Settlement Price and has the meaning attributed to it in Rule KKKK.6.
- “EU” means the European Union.
- “E Warrant” means the details recorded on Guardian relating to an undivided share of Wheat weighing 100 tonnes stored by a Grainstorekeeper together with the rights conferred by the

³ Amended 01 March 2019

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| | Administrative Procedures upon the Owner referred to in such details. |
| “Grainstorekeeper” | means a grainstorekeeper which has been registered by the Exchange in its absolute discretion to store Wheat for delivery under a Contract and which appears on the list of Registered Grainstorekeepers published from time to time by notice posted on the Market. |
| “Grainstorekeeper Procedures” | means the Exchange’s Grainstorekeeper Procedures in respect of ICE Futures UK Feed Wheat Futures Contracts from time to time in force. |
| “Guardian” | means the electronic system relating to the tender, delivery and E Warrant management services, or any successor thereto, which amongst other things, records details of Wheat stored by a Grainstorekeeper for delivery against the ICE Futures UK Feed Wheat Futures Contract. |
| “Initial Tender” | has the meaning attributed to it in the definition of “Subsequent Tender”. |
| “Invoicing Amount” | has the meaning attributed to it in Rule KKKK.7. |
| “Last Trading Day” | in respect of any Delivery Month has the meaning attributed to it in Rule LLLL.4. |
| “Nominated Member” | means a Clearing Member who, on behalf of an Owner, has been nominated by a Grainstorekeeper or another Nominated Member in respect of the registration on Guardian of an E Warrant that is to be, or has been immobilised. |
| “Owner” | means the person recorded as such on Guardian in relation to the Wheat. A person whose name is recorded on Guardian as the “Owner” in relation to the Wheat is the person entitled, as against each Participant, to possession of the Wheat. |
| “Participant” | means a Nominated Member or a Grainstorekeeper. |
| “Pounds”, “£”, “pence” and “penny” | denote lawful currency of the UK. |
| “Relevant Assurance Requirements” | means: |
| (a) | all relevant assurance requirements as published by the Exchange from time to time in respect of Wheat of UK origin, grain assurance sticker requirements in respect of source assured combinable crop schemes, as referred to in the Agricultural Industries Confederation (“AIC”) Trade Assurance Scheme for Combinable Crops (“TASCC”) Scheme Manual in force on the relevant Tender Day; and |

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| (b) | <p>in respect of Wheat of other than UK origin, to comply with the requirements of Supplier Approval as detailed under the Universal Feed Assurance Scheme (“UFAS”) Standards Compound Feeds Code of Practice, as administered by the AIC, and to be from a scheme listed in the Food Feed Schemes document on the UFAS section of the AIC website, www.agindustries.org.uk, both as in force on the relevant Tender Day.</p> |
| “Rent” | <p>means a charge for storage (including insurance cover and VAT) payable by the Owner in accordance with these Contract Rules and the Grainstorekeeper Procedures.</p> |
| “Seller” | <p>in respect of a Contract means the person who is obliged under such Contract to deliver in respect of each lot of the delivery amount of Wheat (including, except where the context otherwise requires, the Clearing House as Seller under a registered Contract).</p> |
| “Seller’s Delivery Notification” | <p>means the notice submitted at time of Tender in respect of each E Warrant by the Seller to the Exchange.</p> |
| “Settlement Day” | <p>has the meaning attributed to it in Rule LLLL.8(b).</p> |
| “Store” | <p>means any storage accommodation registered by the Exchange for the storage and delivery of Wheat.</p> |
| “Subsequent Tender” | <p>means a Tender in respect of an E Warrant that has previously been subject to a Tender in the same Delivery Month (the first such Tender in such Delivery Month being the “Initial Tender”).</p> |
| “Tender” | <p>means the delivery by a Seller of a Seller’s Delivery Notification pursuant to a Contract.</p> |
| “Tender Day” | <p>in respect of any lot comprised in a Contract means the Business Day on which a Seller’s Notice of Tender in respect of such lot is given by the Seller and accepted by the Clearing House.</p> |
| “UCP” | <p>means Universal Clearing Platform which is the electronic system for trade registration and clearing in respect of financial futures, equity and index options and commodity futures and options.</p> |
| “Unpaid Rent” | <p>in respect of a Subsequent Tender by a Seller of an E Warrant, means the amount of Rent, being the product of the maximum rate of Rent per tonne (as determined by the Exchange from time to time) and the number of days for which Rent is unpaid by the Seller, payable to the relevant Grainstorekeeper in respect of Wheat the subject of such E Warrant.</p> |
| “Wheat” | <p>means wheat of the quality and condition specified in Rule KKKK.5.</p> |

- (a) [Not used]
- (c) [Not used]
- (d) [Not used]
- (e) [Not used]

KKKK.2 CONTRACT SPECIFICATION

- (a) Each Contract shall be for one or more lots each of 100 tonnes of Wheat for the Delivery Month specified.

KKKK.3 PRICE

~~(a)~~ The Contract price shall be in pounds and pence per tonne with minimum fluctuations of 5 pence per tonne.

~~(b)~~ The Contract shall be in respect of Wheat which has borne such co-responsibility levy as may be payable on Wheat at the date of issue of the E Warrant under regulations of the EU. No price deduction shall be made by the Clearing House or by the Buyer for co-responsibility levy which shall always be the liability of the Seller.

KKKK.4 RENT, STORAGE AND OTHER COSTS AND CHARGES, CONTRACT PRICE AND E WARRANTS

(a) The Contract price shall be inclusive of the amount of Rent payable by the Seller pursuant to Rule KKKK.4~~(cb)~~ (whether in respect of Wheat subject to an Initial Tender or any Subsequent Tender). Delivery of Wheat the subject of an E Warrant shall be free to Buyer's lorry in bulk from a Store. ~~Any taxes, duties, and levies (other than the VAT on Rent payable by the Seller) which may be or may become payable shall be paid by the Buyer.~~

~~(b)~~ Any duty, tariff, levy or taxes applicable to imports of wheat to the UK shall be borne by the Seller. Excluding such charges (and other than the VAT on Rent payable by the Seller) any taxes, duties, and levies which may be or may become payable shall be paid by the Buyer. The Exchange may from time to time by notice posted in the Market specify arrangements and liability for payment of any duty, tariff, levy or taxes.

~~(b)(c)~~ Without prejudice to any other obligation of the Seller to pay Rent to the relevant Grainstorekeeper, a Seller (other than the Clearing House in its capacity as Seller) is liable to pay Rent to such Grainstorekeeper for the period of fourteen calendar days after the Tender Day. Subject to Rule KKKK.4~~(de)~~, a Seller shall Tender a Clean E Warrant to the Clearing House pursuant to these Contract Rules, the Administrative Procedures and the Grainstorekeeper Procedures.

~~(e)(d)~~ A Seller shall not be obliged to Tender a Clean E Warrant in respect of a Subsequent Tender. In such circumstances, the Clearing House deduct the amount of Unpaid Rent from the Invoicing Amount payable by it to the Seller so that Rent is paid for the period of fourteen calendar days after the respective Tender Day and shall account for such amount to the relevant Grainstorekeeper in accordance with the Grainstorekeeper Procedures. The date up to which the Rent has been paid shall be recorded on Guardian.

KKKK.5 QUALITY AND CONDITION

- (a) The Wheat which is the subject of an E Warrant shall be of UK or EU origin and of the following standard:
 - (i) Wheat to be sound and sweet and in good condition and to contain not more than 3% heat damage;
 - (ii) natural weight to be not less than 72.50 kg per hectolitre;
 - (iii) moisture content not to exceed 15%;
 - (iv) admixture;
 - (v) seeds and/or total admixture of farinaceous grain (including wild oats) and dirt not to exceed 2% of which the dirt content not to exceed 1%;
 - (vi) ergot or garlic not to exceed 0.001%;
 - (vii) sprouted wheat not to exceed 6%; and
 - (viii) mycotoxins not to exceed the maximum levels specified under any EU-UK legislation in force, from time to time, with respect to unprocessed cereals intended for use in feed.
- (b) All the tests in Rules KKKK.5(a)(i) to (viii) inclusive shall be applied on a weight basis.
- (c) The Wheat which is the subject of an E Warrant shall meet the Relevant Assurance Requirements.

KKKK.6 EXCHANGE DELIVERY SETTLEMENT PRICE

- (a) Subject to Rule KKKK.6(b), the EDSP for Contracts for a particular Delivery Month shall be calculated by Exchange officials on each Business Day during the delivery period. This shall be the average of the final bid and offer made on the market on the previous Business Day and displayed on the price reporting system. The average shall be rounded up if necessary. If either a bid or an offer or both are not made (and the Market is trading normally) the Exchange officials may, in such fashion as they deem fit, solicit the best bids and offers available in order to establish a bid and an offer for each Delivery Month.
- (b) If in the opinion of Exchange officials, the EDSP which would result from a calculation made in accordance Rule KKKK.6(a) would be unrepresentative, impracticable or incompatible with due observance of the Exchange's responsibilities then Exchange officials may in their absolute discretion fix the EDSP at a price determined by them with reference to such available data as they deem appropriate.
- (c) The Exchange shall publish the EDSP by the time specified for that purpose in the Administrative Procedures. The EDSP shall be final and binding for all purposes.

KKKK.7 INVOICING AMOUNT

- (a) The "Invoicing Amount" in respect of each lot referred to in a Seller's Delivery Notification shall be the sum calculated in accordance with the formula:

$$\text{Contract Weight} \times (\text{EDSP} - \text{Unpaid Rent})$$

where:

EDSP = The EDSP for the relevant Tender Day

- (b) (i) Where the sum calculated in accordance with Rule KKKK.7(a) is not a number of pounds and whole pence, such sum shall be rounded to the nearest sum which is a number of pounds and whole pence, and the Invoicing Amount shall be such nearest sum.
- (ii) Where the sum calculated in accordance with Rule KKKK.7(a) is a number of pounds and whole pence and one half of one penny, such sum shall be rounded up to the nearest sum which is a number of pounds and whole pence, and the Invoicing Amount shall be such nearest sum.

KKKK.8 SETTLEMENT PAYMENTS

- (a) In respect of each lot referred to in a Seller's Delivery Notification, in addition to any other payment required by these Contract Rules, the following payments shall be made by the time specified for that purpose in the Administrative Procedures:
- (i) where the EDSP for the relevant Tender Day exceeds the Contract price, payment by the Seller to the Clearing House or payment by the Clearing House to the Buyer, or both (as the case may require); and
- (ii) where the Contract price exceeds the EDSP for the relevant Tender Day, payment by the Buyer to the Clearing House or payment by the Clearing House to the Seller, or both (as the case may require);

of an amount calculated as the difference, in pounds and pence multiplied by 100 in respect of each lot, between the EDSP for the relevant Tender Day and the Contract price.

KKKK.9 SELLER, BUYER AND GRAINSTOREKEEPER⁴

- (a) As between the Seller and the Clearing House and the Clearing House and the Buyer respectively, and subject to Rule KKKK.4(d), the Tender of one or more Clean E Warrants in respect of the Contract quantity shall be good performance of their respective obligations as Seller under a Contract. Any question as to the quantity, quality, condition or other incident of the Wheat the subject of an E Warrant shall be an issue between the Owner and the Grainstorekeeper alone.
- (b) The E Warrant identifies the Wheat which is tendered under the relevant Contract.
- (c) The Seller shall represent and warrant to the Buyer that each lot delivered by the Seller is free from any security interest, lien or encumbrance.

KKKK.10 [NOT USED]

KKKK.11 [NOT USED]

KKKK.12 EXCLUSION OF LIABILITY

- (a) Without prejudice to any exclusion of liability provision in the Regulations or the Clearing House Rules, neither the Exchange nor the Clearing House shall have any liability

⁴ Amended 22 February 2019

whatsoever for the performance by a Grainstorekeeper of his responsibilities under these Contract Rules and Administrative Procedures or of any responsibilities he may assume towards members or other parties pursuant to an E Warrant or Contract nor for the condition of a Store or its suitability for the storage of Wheat. Parties placing Wheat into a Store or taking delivery of Wheat in or from the same shall accordingly have no claim against the Exchange or the Clearing House, for any loss or damage thereby incurred however such loss or damage may be caused.

KKKK.13 WAR OR GOVERNMENT INTERVENTION

- (a) If the Exchange after consultation with the Clearing House, determines in its discretion that one of the following conditions is satisfied, that is to say:
- (i) a state of war exists, or is imminent or threatened, and is likely to affect the normal course of business;
 - (ii) a government of any state or territory or any institution or agency thereof has proclaimed or given notice of its intention to exercise, vary or revoke controls in a manner likely to affect the normal course of business; or
 - (iii) an international organisation or any institution or agency thereof has introduced, varied, terminated or allowed to lapse any provision, or has given notice of its intention or appears to be about to do so, so as to be likely to affect the normal course of business,

then open Contracts for such Delivery Months as the Exchange shall specify (which may if the Exchange so determines include Contracts under which notice of Tender has been given) shall, upon the Exchange's formal announcement that such condition is satisfied, be invoiced back at the official daily settlement price fixed in respect of each such Delivery Month for the date of the announcement or for such one of the six Business Days (not counting any day on which there was no official settlement price) immediately preceding the date of the announcement as the Exchange shall in its absolute discretion specify in the announcement.

- (b) Accounts shall be made up by the Clearing House on this basis for each contracting party. Settlement of such accounts shall be due immediately and shall be treated as complete and final notwithstanding any further change of circumstances.
- (c) In the case of a Delivery Month for which there is no official settlement price, open Contracts shall under this term be invoiced back at the market value determined by the Exchange in its absolute discretion.
- (d) The Exchange's formal announcement under this term shall be made by notice posted on the Market.
- (e) The decision of the Exchange as to the price at which Contracts are to be invoiced back shall be binding on both parties.

KKKK.14 FORCE MAJEURE

- (a) For the purposes of this Rule KKKK.14 a "Force Majeure event" shall mean an event outside the control of either party to a Contract which hinders or prevents the performance in whole or in part by a party of his obligations under the Contract (other than an obligation to make a payment), including but not limited to fire, riot or civil commotion, storm, flood, earthquake, explosion, accident howsoever caused, strike, lockout, work to rule or other industrial action, act of God, war, armed conflict, use of force by authority of United

Nations, act of terrorism, act of government or other national or local authority or any agency thereof, breakdown of machinery, and unavailability, restriction, failure or delay in transportation or computer or data processing systems or communication or energy supplies or bank transfer systems.

- (b) Neither party to a Contract shall be deemed in Default in Performance of his obligations nor shall any penalty or damages be payable if and to the extent that performance of any obligation is hindered or prevented by a Force Majeure event.
- (c) If a Force Majeure event hinders or prevents a party from performing any obligation for a period of five days beyond the time limit fixed in or under the Contract, the commodity if not already delivered to the Buyer shall be invoiced back at a price to be determined by the Exchange at its absolute discretion. Such price shall be binding on the parties.

KKKK.15 TRADE EMERGENCY

- (a) If in the opinion of the Exchange or the Clearing House an excessive position or unwarranted speculation or any other undesirable situation or practice affecting or capable of affecting the market is developing or has developed the Exchange may take any steps whatsoever to correct the situation or practice and may give directions to members accordingly. Such steps may (without prejudice to the generality of this term) include any of the following:
 - (i) the suspension or curtailment of trading in one or more Delivery Months for such time as may be specified, or the limitation of trading to the liquidation of open Contracts, subject to any condition or exception that may be specified;
 - (ii) extension of the places at or from which delivery may be made or modification of the specification of the commodity to be delivered, or both, subject to payment of such compensation by such person or persons as may be specified;
 - (iii) the deferment of performance of some or all Contracts for one or more Delivery Months for such time as may be specified, subject to payment of such compensation by such person or persons as may be specified.
- (b) If any Director whose firm or company has any direct interest in the determination of compensation under Rule KKKK.15(a)(ii) or (iii) above, he/she shall be excluded from the deliberations of the Exchange in such determination.
- (c) The contravention by a member of any direction under this Rule KKKK.15 may be treated for all purposes as an infringement of the Regulations.

KKKK.16 [NOT USED]

KKKK.17 DEFAULT IN PERFORMANCE

- (a) The provisions of this Rule KKKK.17 shall be subject to the default rules from time to time in force of the Clearing House.
- (b) For the purposes of this Rule KKKK.17, a reference to a "Default in Performance" shall, subject to Rule KKKK.17(d), be construed as including an actual failure by a Seller or a Buyer under Rule KKKK.17(b) in performing its obligations under a Contract or an anticipated failure. An anticipated failure is one which the Clearing House, in its reasonable opinion, thinks will occur and in respect of which the Clearing House considers that it should take action under the provisions of this Rule KKKK.17.

- (c) A Buyer or a Seller shall be in Default in Performance where:
- (i) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed in accordance with these Contract Rules and Administrative Procedures, the Regulations and the Clearing House Rules;
 - (ii) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified for that purpose in the Administrative Procedures; or
 - (iii) in the reasonable opinion of the Clearing House, he is in Default in Performance.
- (d) Errors in a notice, which are determined in the Exchange's absolute discretion to be clerical errors which can be readily rectified and are rectified, shall not be treated as constituting a Default in Performance.
- (e) Subject to Rule KKKK.17(f)(ii), (j) and to Rule LLLL.8, if it appears to the Clearing House that a Seller or a Buyer is in Default in Performance under a registered Contract, the Clearing House shall notify the Exchange of the Default in Performance and may, in its absolute discretion:
- (i) take such steps as it deems appropriate to facilitate a mutually acceptable resolution of the Default in Performance. A resolution of a Default in Performance may be on such terms and take such form as is acceptable to the Clearing House, to the Seller and to the Buyer. Such terms may limit some or all of the rights of the Seller, the Buyer or the Clearing House to refer any matter concerning or arising out of a Default in Performance (or the resolution thereof) to arbitration;
 - (ii) without prejudice to any of its other rights under this Rule KKKK.17, refer to the Exchange any dispute or issue arising between any of the parties. If upon such reference, the Exchange is of the opinion that the Default in Performance is of minor significance it shall determine any such dispute or issue between such parties upon such evidence as it may deem relevant and convey its findings to such parties who shall forthwith accept such determination and shall implement its terms without question, provided that such acceptance and implementation shall be without prejudice to the right of any party to refer the dispute or any related dispute to arbitration; or
 - (iii) take any steps whatsoever which may appear desirable to the Clearing House for the protection of the Clearing House or of the Seller or Buyer not in Default in Performance including, without prejudice to the generality of the foregoing, any steps in order to perform its obligations to a party under a registered Contract.
- (f) If, within five business days of the Default in Performance having come to the attention of the Clearing House:
- (i) the steps taken by the Clearing House have not led or are not likely to lead to a resolution of the Default in Performance; or
 - (ii) the Clearing House has not taken any steps and the Default in Performance remains unresolved,

the Clearing House will refer the matter to the Exchange. If upon reference of the dispute or issue to the Exchange, the Exchange is of the opinion that the Default in Performance may not be determined by the Exchange in accordance with Rule KKKK.17(e)(ii) then each lot of Wheat the subject of the dispute or issue shall be the subject of cash settlement at a price fixed by the Exchange in consultation with the Clearing House. The price may at the Exchange's absolute discretion take

account of any compensation that the Exchange may consider, on the evidence before it, should be paid by either party to the other.

- (g) Any cash settlement price fixed under Rule KKKK.17(f) shall be binding on the parties.
- (h) Any costs, claims, losses, taxes or expenses of whatsoever nature suffered or incurred by the Clearing House in connection with any steps taken by the Clearing House in relation to a Contract to which the Default in Performance relates shall be paid by the Buyer or Seller who is in Default in Performance. Any steps taken by the Clearing House in relation to a Default in Performance shall be without prejudice to any rights (including rights to refer matters to arbitration), obligations or claims of the Buyer, the Seller or the Clearing House in relation to a Contract to which the Default in Performance relates.
- (i) A Buyer or Seller who is in Default in Performance under this Rule KKKK.17, shall forthwith pay to the Clearing House any sums payable by him under Rule KKKK.8 and any sums payable pursuant to this Rule KKKK.17.
- (j) Notwithstanding that a Buyer or Seller may be in Default in Performance under this Rule KKKK.17, the Clearing House may in its absolute discretion determine not to exercise or to delay in exercising any of its rights under this Rule KKKK.17, and no failure by the Clearing House to exercise nor any delay on its part in exercising any of such rights shall operate as a waiver of the Clearing House's rights upon that or any subsequent occasion, nor shall any single or partial exercise of any such rights prevent any further exercise thereof or of any other right.
- (k) A Buyer, a Seller or the Clearing House may refer a dispute or issue arising out of a Default in Performance under this Rule KKKK.17 (subject always to the application of provisions of Rules KKKK.17(e), (f) and (g)) to arbitration.
- (l) The provisions of this Rule KKKK.17 relating to steps that may be taken by the Clearing House, where there appears to the Clearing House to be a Default in Performance by a party to a registered Contract, may be varied, or different steps may be substituted therefore by the Exchange from time to time. Any such variation or substitution shall have such effect with regard to such existing and/or new Contracts and registered Contracts as the Exchange may determine.

KKKK.18 [NOT USED]

KKKK.19 [NOT USED]

KKKK.20 [NOT USED]

KKKK.21 POWERS OF THE EXCHANGE

- (a) The provisions of Rules KKKK.13, 15, and 17 shall be without prejudice to any other powers of the Exchange.

KKKK.22 [NOT USED]

KKKK.23 [NOT USED]

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**CONTRACT RULES: ICE FUTURES UK FEED WHEAT FUTURES
CONTRACT**
