

## Contract Specification: Riemann Cotton OTC Forward Contract.

<b>Product</b>	An over-the-counter (OTC) cotton contract
<b>Contract Type</b>	Physically Deliverable Financial Product
<b>Underlying Physical</b>	Base Grade of 31-3-36 G5 28 GPT basis gin pad delivery Moree
<b>Contract Size</b>	100 Statistical bales (22,700 kgs)
<b>Price Increments</b>	A\$1 per bale
<b>Pricing Unit</b>	Australian dollars per bale
<b>Contract months</b>	Ten Monthly Contracts (Excluding January and February) then July and December Contracts for the next 4 years.
<b>Contract Expiry</b>	6 Sydney business days prior to the start of the Contract Month
<b>Trading Hours</b>	10.00am – 5.00pm Monday to Friday
<b>Contract Counterparty</b>	Contracts are formed bilaterally between buyers and sellers after counterparty credit is mutually agreed.
<b>Contract Settlement</b>	Positions remaining after the Expiry Netting process are physically delivered
<b>Deliverable Origins</b>	Australian grown cotton only
<b>Expiry Netting*</b>	Where possible contracts are Netted Out and Cash Adjusted to the Final Netting Price. Contract holders Netted Out will be advised of their obligations with respect to the Cash Adjustment. Contract holders not Netted Out will be advised of the same and will also be issued with a new contract detailing their Physical Delivery Obligation.
<b>Expiry Cash Adjustment versus the Final Netting Price*</b>	All Contract holders at the Contract Expiry will be advised of their net obligations to the counterparty of their original trade versus the Final Netting Price. Where the out-of-the-money party will pay the in-the-money party the difference between the Contract Price and the Final Netting Price multiplied by the number of bales traded. The cash adjustment to occur as per the Payment Terms
<b>Payment Terms</b>	Cash adjusted contracts – 30 days after Contract Expiry  Physical delivered contracts – 14 days after Classing
<b>Physical Delivery</b>	Where possible contract holders with a zero net position at Contract Expiry will not be required to make or take any physical

	deliveries. Net position holders and zero net contract holders that were unable to be removed from the delivery process will be issued with new delivery contracts at the Final Netting Price. Sellers must deliver the cotton in the month represented by the Contract Month traded and buyers must pay for the cotton as per the Payment Terms
<b>Final Netting Price</b>	The Final Netting Price is calculated and published by Mercari
<b>Delivery Locations</b>	Delivery will be at any approved gin-pad at sellers' choice. Each statistical 100 bale lot must be at a single location. Unless otherwise mutually agreed by buyer and seller
<b>Delivery Location Differential Adjustment</b>	Physical delivery payments will deduct the relevant Location Differentials (LDs) that are in force for the year of the Contract Expiry as per the published Riemann Cotton OTC Location differentials (gin Codes)
<b>Delivery Premium &amp; Discount Adjustments</b>	Physical delivery payments will be adjusted on the basis of the quality of the cotton delivered as per the Riemann Premium and Discount (P&D) Schedule that is in force for the year of the Contract Expiry. The P&D Schedule will be set at the start of each calendar year and is shown in USC /lb and is converted to Australian Dollars using the rate published by the RBA ( <a href="http://www.rba.gov.au/statistics/frequency/exchange-rates.html">www.rba.gov.au/statistics/frequency/exchange-rates.html</a> ) on the Contract's Expiry Date
<b>Delivery Notification</b>	The Seller to give the Buyer a minimum 5 business days' notice of the delivery location and one day's notice of the delivery date
<b>Terms of Trade</b>	Riemann Cotton OTC Physical Delivery Contract terms
<b>Participants</b>	Wholesale Clients only (Corporations Act 2001 s761G)
<b>Classing</b>	Visually Classed. Classing will be by ICA Bremen certified laboratories only, at the Buyer's option. With the Buyer paying for the classing
<b>Non-Delivery Default</b>	In the event of a seller being unable to deliver, the Contract will be settled by ICA Liverpool, UK dispute resolution process

<b>*Expiry Netting Opt-Out</b>	By mutual agreement, the buyer and seller can opt-out of the "Expiry Netting" and "Expiry Cash Adjustment". The contract then stands as dealt, requiring physical delivery at the contract price in the contract month.
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