**APPROVED**

Through Order No. МБ-П-2020-2925 dated 12 November 2020

By Public Joint Stock Company Moscow Exchange MICEX-RTS

**PHYSICALLY DELIVERED WHEAT FUTURES**

**CONTRACT SPECIFICATION**

The physically delivered wheat futures contract specification (hereinafter, “Specification”) establishes the standard terms and conditions of the physically delivered wheat futures contract (hereinafter, “Contract”).

The Specification, together with the Clearing Rules of the Derivatives Market (hereinafter, “Clearing Rules”) and Trading Rules of the Derivatives Market (hereinafter, “Trading Rules”) define the obligations under the Contract, as well as the procedures for their creation, effects, and extinction.

Moscow Exchange (the “Exchange”) adopts the List of Parameters for the Contract (the “List of Parameters”) which includes:

* Contract name;
* Underlying asset code;
* Underlying asset of the Contract;
* Grade of the underlying asset;
* Delivery basis;
* Basis codes;
* Lot;
* Minimum price fluctuation (the “tick”);
* Tick value;
* Contract unit;
* Commodity code.

The underlying asset of the Contracts with terms and parameters defined in this Specification is wheat with quality properties as specified in the List of Parameters.

Terms not explicitly defined in the Specification will have the same definitions as in the Trading Rules, the Clearing Rules, and the laws of the Russian Federation.

1. **Entering into the Contract**

* 1. Entering into the Contract in course of trading is sanctioned by the Exchange, and must contain the following:
     + - * contract code (designation);
         * the first trade date when the Contract may be entered into (hereinafter, “first trade date”);
         * opening time when the Contract may be entered into (i.e. the start of trading in the Contract).
  2. The code (designation) of the Contract consists of the following:

XXXX (underlying asset code)-<settlement month>.<settlement year>, or

XXX (underlying asset code)-<settlement month>.<settlement year>, o

XX (underlying asset code)-<settlement month>.<settlement year>.

The underlying asset code is given in the List of Parameters.

The settlement month and settlement year specified in the Contract's code (designation) (hereinafter, “Contract’s settlement month” and “Contract’s settlement year”, respectively) is stated in Arabic numerals and is used in determining the termination of the last trade date and the final settlement date of the Contract.

* 1. Upon entering into the Contract in the course of trading, the Contract price will be quoted in RUB per ton (exclusive of Value Added Tax (the “VAT”).
  2. The last trading day for the Contract is the 10th (tenth) day of the settlement month and settlement year of the Contract; where such 10th (tenth) day is a non-trading day, the last trading day for the Contract is the trading day immediately following the 10th (tenth) day of the settlement month and settlement year of the Contract. On its last trading day, the Contract is traded until the close of trading before the intraday clearing session as set out in the Trading Rules.

The Exchange is entitled to establish a date of the Contract’s last trade date other than as specified herein as agreed with the Clearing Center.

* 1. The delivery day is the day which immediately follows the last trading day for the Contract[[1]](#footnote-1), and which is a trading day on the NME spot market except to the extent of paragraphs 5.1 and 5.2 below.

1. **Obligations under the Contract**

* 1. Variation Margin obligation.
     1. The Parties to the Contract must pay each other variation margin in the form of cash, in the amount depending on the changes in the value of the Contract’s underlying.
     2. Variation margin will be calculated and must be paid during the life of the Contract.
     3. Variation margin for the Contract is calculated according to the following formulas:
        1. During the intraday clearing session:

If the variation margin is being calculated for the first time:

**VM1 = Round (SP1\*Round (W1/R; 5); 2) – Round (P0\*Round (W1/R; 5); 2)** where:

VМ1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session

Round – mathematical rounding to the specified precision

P0 – execution price of the Contract

SP1 – current settlement price of the Contract

W1 – tick value R – tick size

If the variation margin has been calculated before:

**VM1 = Round (SP1\*Round (W1/R; 5); 2) – Round (SPP\*Round (W1/R; 5); 2)** where:

VМ1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session

Round – mathematical rounding to the specified precision

SP1 – current settlement price of the Contract

SPp – settlement price of the Contract calculated during the previous trading day’s evening clearing session

W1 – tick value

R – tick size

fixing is set by the Exchange and published on the Exchange’s website.

* + - 1. During the evening clearing session:

1. If the variation margin is being calculated for the first time:

**VM2 = Round (SP2\*Round (W2/R; 5); 2) – Round (P0\*Round (W2/R; 5); 2)** where:

VМ2 – variation margin for the current trading day’s evening settlement period, calculated during the evening clearing session

Round – mathematical rounding to the specified precision

P0 – execution price of the Contract

SP2 – current settlement price of the Contract W2 – tick value R – tick size.

1. If the variation margin has been calculated before:

**VМ2 = VМ** – **VМ1** where:

VM2 – variation margin for the current trading day’s evening settlement period, calculated during the evening clearing session

VM – current trading day’s total (intraday and evening trading sessions) variation margin

VM1 – variation margin for the current trading day’s intraday settlement period, calculated during the intraday clearing session, as defined in Clause 2.3.1 of the Specification

Value of VM is determined according to the following formulas:

i. If the variation margin has not been calculated during the previous trading day’s evening clearing session:

**VM = Round (SP2\*Round(W2/R; 5); 2) – Round(P0\*Round (W2/R; 5); 2)** where:

Round – mathematical rounding to the specified precision

SP2 – current settlement price of the Contract

P0 – execution price of the Contract

W2 – tick value R – tick size ii. If the variation margin has been calculated during the previous trading day’s evening clearing session:

**VM = Round (SP2\*Round (W2/R; 5); 2) – Round(SPP\*Round (W2/R; 5);**

**2)** where:

Round – mathematical rounding to the specified precision

SP2 – current settlement price of the Contract

SPP – settlement price of the Contract, calculated during the previous trading day’s evening clearing session

W2 – tick value

R – tick size

* + 1. The Contract variation margin calculated as per formulas set out in paragraph 2.1.3 above are rounded to kopecks according to the mathematical rounding rules.
    2. The Exchange will determine the settlement price of the Contract in accordance with the procedure and within the timeframe set forth in the Trading Rules and the Specification.

* + 1. The obligation to pay variation margin is to be fulfilled in accordance with the procedure and within the timeframe set forth in the Clearing Rules. In this case,

if the variation margin is positive, the Seller is obliged to pay the variation margin

if the variation margin is negative, the Buyer is obliged to pay the absolute value of the variation margin

* 1. Settlement obligations
     1. On the Contract settlement day, to perform their obligations under the Contract, the NME trading member with identification details specified by the Buyer when it opened a section in the position register to record a long position in the deliverable wheat futures, i.e. the Buyer or a person on behalf of which the Buyer buys the Contract, must buy, and the NME trading member with identification details specified by the Seller when opened a section in the position register to record a short position in the deliverable wheat futures, i.e. the Seller or a person on behalf of which the Buyer buys the Contract, must sell wheat which is the underlying asset of the Contract, in the amount determined as per the Specification and the Clearing Rules, by placing an order and entering into a sale contract in the relevant underling asset indicated in the List of Contract and specified by the Seller in the delivery notice submitted to the CCP NCC, on the NME spot market.

Orders placed, and sale contracts executed, to perform Delivery Obligations, must comply with NME Spot Market Rules of Trading in Agricultural Products and Other Commodities and NSD Clearing Rules. The amount of a sale contract on wheat is a sum of the price which is the Contract Settlement Price set at the end of the intraday settlement period on the Contract last trading day and the amount of VAT at the rate set out in the current legislation if the NME trading member which is the seller under the sale contract is a VAT payer. A seller and a buyer in a sale transaction in wheat as well as quantity of the commodity in the transaction are determined by CCP NCC according to the Clearing Rules.

* + 1. To place an order and conclude a sale contract on the NME spot market to perform its obligation under the Contract, a member shall have the position in the Contract equal or greater than the minimum delivery unit indicated in the List of Parameters.
    2. Delivery obligations under sale contracts concluded on the NME spot market are regulated by the NME Rules of Admission to Trading in Agricultural Products and Other Commodities on the Spot Market, NME Spot Market Rules of Trading in Agricultural Products and Other Commodities, NSD Clearing Rules as well as terms and conditions of the sale contract of the NME spot market.

1. **Grounds and procedure for termination of obligations under the Contract** 
   1. Obligations under the Contract are terminated in full upon due performance thereof.
   2. A party’s obligations under the Contract will be terminated prior to the final settlement by entering into an offsetting Contract with the same Contract code (designation), subject to the procedures and time limits set forth in the Clearing Rules.
   3. A party’s obligations under the Contract are discharged fully on grounds set out in the Clearing Rules, also in case of failure to perform its obligations under the Contract determined according to the Trading Rules and Clearing Rules, by the Clearing Member (also as a result of penalty payment).
   4. Obligations under the Contract are discharged fully, if one and the same entity has Delivery Obligations under the buy and sell positions. The entity is determined by the code assigned by NME as per the Clearing Rules.
   5. Obligations under the Contract may be terminated on other grounds provided for in the Clearing Rules, in accordance with the procedures set forth thereof.
2. **Liability of the parties for failure to perform the obligations under the Contract** 
   1. Parties to the Contract are liable for nonperformance or improper performance of the obligations under the Contract, as provided for in Russian law, Trading Rules and Clearing Rules.
3. **Special Provisions** 
   1. If trading in the Contract is suspended/terminated or trading is suspended on the NME spot market, the Exchange is entitled to make one or more following decision upon agreement with the Clearing Center:
      1. change the Contract’s last trade date
      2. change the Contract’s final settlement date
      3. terminate Delivery Obligations
      4. change the current (final) settlement price, and/or amend the calculation method for the variation margin and/or rules pertaining to its transfer
      5. undertake other actions provided for in the Trading Rules
   2. The Exchange, upon agreement with the NCC, may alter the Contract’s last trade date and/or the Contract’s final settlement date, if, during the lifetime of the Contract, the Contract’s last trade date is declared a public holiday by order of the competent authority of the Russian Federation.
   3. Any changes adopted by the Exchange, pursuant to Sections 5.1 and/or 5.2 above, will be published on the Exchange’s website at least 3 (three) trading days prior to their taking effect, which serves as notice to the Trading Members. In the case that the Contract’s final settlement date falls within 3 (three) trading days of the date of adoption of changes by the Exchange, pursuant to Sections 5.1 and/or 5.2 herein, the said changes will be published on the Exchange’s website prior to their taking effect.
   4. The Exchange is entitled to decide to include delivery bases of the NME spot market which are not supposed to be in the List of Parameters, into the List of Parameters (the “addition of delivery bases”), or to remove delivery bases of the NME spot market specified in the List of Parameters (the “removal of delivery bases”) subject to the following conditions:
      1. Addition/removal of delivery bases is made once a month or less frequently;
      2. Addition/removal of delivery bases is made at least 30 (thirty) calendar days before the Contract last trading day;
      3. The Exchange informs market participants about its decision made under this paragraph in a notice published on its website at least 1 (one) trading day before the addition/removal of delivery bases.
   5. As soon as the change(s) adopted by the Exchange, pursuant to Sections 5.1, 5.2 and/or 5.4 above, come(s) into effect, the terms of existing Contracts previously entered into will be deemed to have been amended in accordance with the aforementioned change(s).
4. **Amendments and Supplements to the Specifications** 
   1. The Exchange, upon agreement with the NCC, is entitled to introduce Amendments and Supplements to the Specification.
   2. Amendments and Supplements hereto go into force at the moment the Exchange puts into effect the updated Specification, containing such Amendments and Supplements, upon registration thereof at the Central Bank of The Russian Federation, in accordance with established procedures.
   3. The updated Specification, containing Amendments and Supplements adopted by the Exchange, will be published on the Exchange’s website at least 3 (three) business days prior to their taking effect, which serves as notice to the Trading Members.
   4. As soon as the Amendments and Supplements to the Specification come into effect, the terms of existing Contracts previously entered into will be deemed to have been amended in accordance with the aforementioned Amendments and Supplements.

1. 1 Dates of last trading days and delivery days for the Contract for the next 12 months are published on the Exchange website. [↑](#footnote-ref-1)