**APPROVED**

by Public Joint Stock Company Moscow Exchange MICEX-RTS

(Order No МБ-П-2021-3490 dated 29 November 2021)

**SPECIFICATION FOR PHYSICALLY DELIVERED FUTURES CONTRACT**

**ON WHEAT**

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:

* Name of the Contract;
* Code of the underlying asset;
* Underlying asset of the Contract;
* Grade of the underlying asset;
* Delivery basis;
* Basis codes;
* Contract lot;
* Minimum price movement for the Contract in the course of trading on MOEX (the "price tick");
* Tick value;
* Contract unit for delivery;
* Discounts/surcharges (if any of them has been set by the Exchange) to the settlement price for the quality of the underlying asset;
* Discounts/surcharges (if any of them has been set by the Exchange) to the settlement price for the delivery basis.

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 and definitions not expressly defined in the Specification shall be understood in accordance with the laws of the Russian Federation, the Trading Rules and the Clearing Rules.

1. Execution of the Contract
	1. The opportunity to conclude the Contract in the process of trading shall be granted by the Moscow Exchange resolution that shall specify:
* Contract code (designation);
* First trading day during which the Contract may trade (hereinafter the First Trading Day);
* The time from which the Contract may be executed (hereinafter the Start of Trading).
	1. The Contract code (designation) is formed as follows:

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

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

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

The underlying asset code is determined 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. When orders are submitted, and contracts are made the price of the Contract shall be quoted in roubles per 1 (one) ton (excluding value added tax (hereinafter 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 shall be entitled, upon agreement with the Clearing Centre, to set another date for the Last Trading Day for the Contract, different from the date determined in accordance with this clause.

* 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 price of the underlying asset.
		2. Variation margin is calculated and 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:
2. If the variation margin has not been calculated before:

**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 – daily (last) settlement price of the Contract,

W1 – tick value,

R - the tick.

1. If the variation margin has been calculated before:

**VM1 = Round (SP1\*Round (W1/R;5);2) – Round (SPп\*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 – daily (last) 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 - the tick.

* + - 1. During the evening clearing session:
1. If the variation margin has not been calculated before:

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

where:

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

Round – mathematical rounding to the specified precision,

P0 – execution price of the Contract,

SP2 – daily (last) settlement price of the Contract,

W2 – tick value,

R - the tick.

1. If the variation margin for the Contract has been calculated in the intraday clearing session on the current trading day:

**VМ2 = VМ – VМ1**

where:

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

VM – variation margin for the Contract as calculated in the evening clearing session for the current trading day;

VM1 – variation margin for the Contract as calculated in the intraday clearing session on the the current trading day as per Section 2.1.3.1 above.

VM is determined according to the following formulas:

1. If the variation margin has not been calculated for the previous trading day in the evening clearing session:

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

where:

Round – mathematical rounding to the specified precision,

SP2 – daily (last) settlement price of the Contract,

P0 – execution price of the Contract,

W2 – tick value,

R - the tick.

1. If the variation margin has been calculated for the previous trading day in the evening clearing session:

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

where:

Round – mathematical rounding to the specified precision,

SP2 – daily (last) 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 - the tick.

* + 1. The variation margin for the Contract calculated according to the formulas specified in clause 2.1.3 of the Specification shall be rounded to the nearest kopeck according to the rules of mathematical rounding.
		2. The settlement price of the Contract is set by the Exchange under the procedure and within the time frames set out in the Trading Rules and Specification.
		3. The obligation to pay the variation margin shall be fulfilled in accordance with the procedure and within the time limits set out in the Clearing Rules. In this case,
* if the variation margin is positive, the Seller is obliged to pay the variation margin in an amount equal to the absolute value of the variation margin as calculated;
* if the variation margin is negative, the Buyer is obliged to pay the variation margin in an amount equal to the absolute value of the variation margin as calculated;
	1. Delivery obligation
		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 specifying the relevant delivery basis and commodity quality as 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. Order(s) placed, and sale contract(s) 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 price 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 decreased/increased by the discount/surcharge for quality and/or the discount/surcharge for the Basis of Delivery, as established in the List of Parameters and the amount of VAT at the rate provided for from time to time by the Russian 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, quantity and quantity of the commodity in the transaction as well as the delivery basis are determined by CCP NCC according to the Clearing Rules.
		2. In orders and sales contracts executed on the NME spot market to perform the obligations under the Contract, the amount of the position in the Contract in commodity of appropriate quality must be greater than or equal to the minimum delivery lot of the same quality and for same Delivery Basis as defined in the List of Parameters.
		3. 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 shall be terminated in full as a result of that party incurring off-setting obligations under the Contract with the same code (designation), i.e. the Seller incurring obligations of the Buyer or the Buyer incurring obligations of the Seller, in the manner and within the time limits stipulated in the Clearing Rules.
	3. A party’s obligations under the Contract shall be fully terminated on the grounds set out in the Clearing Rules, also in case of the Clearing Member’s 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 payment of a penalty).
	4. The obligations under the Contract shall be terminated in full if the Delivery Obligations are simultaneously incurred by the same person in accordance with that person's code assigned by NME in the manner prescribed by 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. The Parties shall be liable for non-fulfillment or improper fulfillment of obligations under the Contract in accordance with the legislation of the Russian Federation, the Trading Rules and the Clearing Rules.
3. Special provisions

* 1. In case of suspension/termination of the conclusion of the Contract on MOEX, suspension of trading on the spot market of NME, the Exchange is entitled, upon agreement with the Clearing Centre, to take one or more of the following decisions:
		1. change the last trading date for the Contract,
		2. change the expiration settlement date for the Contract,
		3. terminate the Delivery Obligation.
		4. change the current (last) 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 last trading date and/or the final settlement date for the Contract with a specific code, if the last trading date is declared a public holiday by order of the competent authority of the Russian Federation.
	3. Information on the decision(s) taken by the Exchange under clauses 5.1 and/or 5.2 above shall be communicated to the Trading Members by its publication on the Exchange website not less than 3 (three) Trading Days prior to the effective date of the respective decision(s). In case the grounds for decisions provided by clauses 5.1 and/or 5.2 above occur less than 3 (three) Trading Days prior to the last trading day for the Contract, the information on such decision(s) taken by the Exchange shall be notified to the Trading Members by its publication on the Exchange website not later than on the effective date of the respective decisions.
	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 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).
1. Amendments and Supplements to the Specification
	1. The Exchange is entitled to introduce amendments and supplements hereto as agreed with the Clearing Center.
	2. Amendments and supplements hereto go into force at the moment the Exchange puts into effect the updated Specification, containing such amendments and supplements.
	3. The Specification as amended and supplemented from time to tome is published on the Exchange website at least 3 (three) business days before it takes effect, which serves as notice to trading members.
	4. Unless otherwise decided by the Exchange, as soon as any amendments and supplements to the Specification come into force, the terms of existing Contracts previously entered into are deemed to have been amended or supplemented accordingly.
1. 1 The calendar of last trading days and settlement days for the Contracts for the next 12 months is available on the Exchange website. [↑](#footnote-ref-1)