**APPROVED**

Executive Board

Moscow Exchange

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**SPECIFICATIONS**

**OF THE RAW SUGAR FUTURES CONTRACT**

These Specifications (the “Specifications”) establish the standard terms and conditions for the cash-settled raw sugar futures contracts.

These Specifications together with the Clearing Rules and Trading Rules of Moscow Exchange Derivatives Market establish the procedure for the appearance, change, or termination of obligations under the cash-settled raw sugar futures contracts (the “Contract”) traded on the Moscow Exchange’s Derivatives Market.

The underlying assets of Contract shall be raw sugar (the “Commodity”).

Terms and definitions not specifically defined herein shall be construed in accordance with the law of the Russian Federation, Trading Rules and Clearing Rules.

1. **Entering into the Contract** 
   1. The Contract is launched for trading through a decision of Moscow Exchange (the “Exchange”) with the following information indicated therein:

* Contract code (designation);
* Date of the first trading day when the Contract may be entered into (the “Contract’s first trading day”);
* Time from which the Contract may be executed (hereinafter the “start of trading”);
* Initial Settlement Price of the Contract;
* Initial price fluctuation limits for the Contract;
* The last trading day when the Contract may be entered into (the “Contract’s last trading day”). The Exchange publishes a list of the Contract’s last trading days for the next 12 (twelve) months on its website.
  1. The code (designation) of the Contract consists of the following:

SUGR -<settlement month>.<settlement year>.

The settlement month and settlement year specified in the Contract code (designation) (hereinafter, “Contract’s settlement month” and “Contract’s settlement year”, respectively) is stated in Arabic numerals and is used to set the Contract’s last trading day and final settlement date.

* 1. Contract price.
     1. When orders are submitted and contracts are made the Contract price shall be quoted in Russian Roubles per 1 (one) kilogram.
     2. The minimum movement of the Contract price (hereinafter the “tick”) shall be RUB 0.01 (one hundredth).
     3. The tick value is RUB 10.16 (ten and sixteen hundredths).
  2. The Contract lot is 1 (one) long ton[[1]](#footnote-1).
  3. The Contract’s final settlement date is the first trading day of the settlement month, except in cases provided for in Sections 5.1-5.2 herein. The Exchange publishes a list of the Contract’s final settlement days for the next 12 (twelve) calendar months on its website.

1. **Obligations under the Contract**
   1. Variation Margin Obligations
      1. The Parties to the Contract must pay cash (variation margin) to each other in the amount depending on the changes in the value of the underlying asset.
      2. The variation margin is calculated and paid throughout the period starting from the Contract’s first trading day to its last trading day.
      3. The variation margin shall be calculated as per to the following formulae:

**VМо = (SPt – Po) \* W / R,**

**VМt = (SPt – SPp) \* W / R**, where

VMo – the Variation Margin for a Contract for which a Variation Margin has not yet been calculated;

VМt – the Variation Margin under a Contract for which a Variation Margin has previously been calculated;

Po – Contract price;

SPt – the current (final) Settlement price of the Contract;

SPp – the previous Settlement price of the Contract;

W – the value of the tick;

R – the tick.

* + 1. The variation margin for the Contract calculated according to the formulae described in Clause 2.1.3 hereof shall be rounded to kopecks as per the rules of mathematical rounding.
    2. The obligation to pay the Variation margin calculated in accordance with Clause 2.1.3 hereof shall be fulfilled according to the procedure and within the timeframes established in the Clearing Rules as follows:
* If the variation margin value is positive, the Seller is to be obliged to pay it;
* If it is negative, the Buyer is obliged to pay the absolute value of the calculated variation margin.
  + 1. The Contract’s Settlement price shall be determined by the Exchange in accordance with the procedure and within the timeframes established in the Trading rules and the Specifications.
  1. Settlement obligations
     1. The obligation to pay Variation Margin that is determined during the evening clearing session on the Contract’s settlement day is the Settlement Obligation.
     2. For the purpose of calculating the settlement obligations, the current settlement price (the Contract’s settlement price) is calculated as follows:

**SPfinal = SPice \* К1 \* К2,**

where:

SPfinal – the Contract’s final settlement price;

SPice – the settlement price of the sugar №11 futures (code SB) traded on the Intercontinental Exchange (the ICE) with settlement month coinciding the Contract’s settlement month. Such price shall be established on the last trading day of the sugar №11 futures. It is expressed in U.S. cents per pound of the Commodity. It is published on the ICE’s official website at [www.theice.com](http://www.theice.com/)[[2]](#footnote-2).

К1 – the pound-kilogram conversion coefficient. Equals 2.2046 (two and two thousand forty six ten thousandths);

К2 – one hundredths of the U.S. dollar at the USD/RUB exchange rate set on the Contract’s final settlement day in accordance with the Moscow Exchange Indicative FX Rate Methodology published on the Exchange’s website (the US dollar exchange rate) subject to the US dollar exchange rate fluctuations limits set by the Clearing Center and published on the Exchange’s website.

If the US dollar exchange rate turns to be lower/higher than the established limit, it is considered to be equal to the lower/upper limit respectively.

Time when the US dollar exchange rate is set is established by the Exchange and published on its website.

* + 1. The final settlement price is adjusted to meet limits established for the futures contract settlement price variation (if such limits have been set by the Exchange and agreed with the Clearing Center in accordance with the Derivatives Contracts Settlement Price Methodology (see the relevant appendix to the Trading Rules)).

1. **Grounds and procedure for Contract termination** 
   1. Obligations under the Contract are discharged in full after being properly fulfilled.
   2. The obligations of a party to the Contract are discharged in full when the party takes opposing obligations under the Contract with the same code (designation). This means that the Seller has taken the Buyer’s obligations and vice versa, in accordance with the procedure and within the time frame set forth in the Clearing Rules.
   3. Obligations under the Contract may be discharged on other grounds provided for in the Clearing Rules and in accordance with the procedure set forth in these rules.
2. **Default responsibility** 
   1. Parties shall be responsible for failure to perform obligations under the Contract or improper performance thereof, in accordance with Russian legislation, the Clearing Rules, the Trading Rules and the Admission Rules.
3. **Special Provisions**
   1. If the settlement price of the sugar №11 futures cannot be established on the ICE including due to its publication suspension/cancelation, the Exchange is entitled to take one or more of the following actions as agreed with the Clearing Center:
      * Change the Contract’s last trading day;
      * Change the Contract’s final settlement date;
      * Change the current (final) settlement price, and/or amend the calculation method for the variation margin and/or rules pertaining to its payment;
      * Undertake other actions provided for in the Trading Rules.
   2. The Exchange, upon agreement with the Clearing Center, may alter the Contract’s last trading day and/or the final settlement date for certain Contract if the Contract’s last trading day is declared a public holiday by order of the appropriate Russian government authorities.
   3. Trading members shall be notified of the decision(s) of the Exchange made in accordance with Clauses 5.1 and 5.2 hereof by publishing them on the Exchange’s website no less than 3 (three) trading days before they come into force. If the grounds for taking such resolutions provided for in the Clause 5.1 hereof appear less than 3 (three) trading days before the Contract’s last trading day, Trading members shall be notified of this resolution(s) by way of the resolution being published on the Exchange’s website no later than the date of this resolution(s) coming into force.
   4. As soon as any decision(s) made by the Exchange in accordance with Clauses 5.1 and 5.2 hereof come(s) into effect, the terms of the existing obligations under the Contracts that were made previously shall be deemed changed with regard to the above-mentioned resolution(s).
4. **Amendments and supplements to the Specifications**
   1. The Exchange is entitled to amend and supplement the Specifications as agreed with the Clearing Center.
   2. Any amendments and supplements hereto come into force as from the Exchange has put into effect the Specifications containing such amendments and supplements, upon registration thereof with the Bank of Russia in accordance with established procedures.
   3. The Specifications containing any amendments and supplements adopted by the Exchange, are published on the Exchange’s website at least 3 (three) trading days before they take effect, which serves as notice to trading members.
   4. As soon as any amendments and supplements to the Specifications come into effect, the terms of existing Contracts previously entered into are deemed to have been amended or supplemented accordingly.

1. One long ton = 1,016 (one thousand and sixteen) kilograms. [↑](#footnote-ref-1)
2. Settlement prices of the sugar No. 11 futures contract are published at [www.theice.com](http://www.theice.com) and are publicly available. These settlement prices are denominated in US cents per 1 (one) pound of the Commodity. The Exchange and the Clearing Center shall not be liable for any false, incomplete or late updates of the settlement prices for the sugar No. 11 futures contract at [www.theice.com](http://www.theice.com), or disruptions in the website operation. [↑](#footnote-ref-2)