

Contract Specification: Riemann Cotton OTC Forward Contract.

Product	An over-the-counter (OTC) cotton contract
Contract Type	Physically Deliverable Financial Product
Underlying Physical	Base Grade of 31-3-36 G5 28 GPT basis gin pad delivery Moree
Contract Size	100 Statistical bales (22,700 kgs)
Price Increments	A\$1 per bale
Pricing Unit	Australian dollars per bale
Contract months	Ten Monthly Contracts (Excluding January and February) then July and December Contracts for the next 4 years.
Contract Expiry	6 Sydney business days prior to the start of the Contract Month
Trading Hours	10.00am – 5.00pm Monday to Friday
Contract Counterparty	Contracts are formed bilaterally between buyers and sellers after counterparty credit is mutually agreed.
Contract Settlement	Positions remaining after the Automatic Close Out process are physically delivered
Deliverable Origins	Australian grown cotton only
Automatic Close Out	Contracts are Automatically Closed Out and Cash Adjusted at the Final Netting Price as issued by Mercari. Contract holders Closed Out will be advised of their obligations with respect to the Cash Adjustment process based off the Final Netting Price. Contract holders not closed out will be advised of the same and will also be issued with a new contract detailing their Physical Delivery Obligation at the Final Netting Price
Cash Adjustment basis the Final Netting Price	All Contract holders at the Contract Expiry will be advised of their net obligations to the counterparty of their original trade basis 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
Payment Terms	Cash adjusted contracts – 14 days after Contract Expiry Physical delivered contracts – 14 days after Classing

Physical Delivery	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
Final Netting Price	The Final Netting Price is calculated and published by Mercari
Delivery Locations	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
Delivery Location Differential Adjustment	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)
Delivery Premium & Discount Adjustments	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 (www.rba.gov.au/statistics/frequency/exchange-rates.html) on the Contract's Expiry Date
Delivery Notification	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
Terms of Trade	Riemann Cotton OTC Physical Delivery Contract terms
Participants	Wholesale Clients only (Corporations Act 2001 s761G)
Classing	Visually Classed. Classing will be by ICA Bremen certified laboratories only, at the Buyer's option. With the Buyer paying for the classing
Non-Delivery Default	In the event of a seller being unable to deliver, the Contract will be settled by ICA Liverpool, UK dispute resolution process