



Overview

Riemann is offering a risk management product to the cotton industry.

- > Riemann Cotton OTC Forwards are Physically deliverable forward contracts.
- > These are broad based risk management products that can be used for hedging and trading Australian Cotton including option contracts designed to provide efficient hedging strategies.
- > These financial products are currently available for trading on the Mercari market which holds an Australian Market Licence under the Corporations Act and regulated by the Australian Securities and Investments Commission (ASIC) - offering a fair, orderly and transparent market place.
- > Promoting real-time price discovery and transparency, Mercari Direct will support the hedging and trading needs of the Australian cotton industry.
- > Riemann Contract maturity dates extend out 5 years and coincide with early and late season picking.

Users

Riemann Cotton products can be used by:

- > Growers
- > Domestic Traders
- > Cotton Merchants
- > Banks and Finance Institutions
- > Professional Investors
- > Hedge Funds

Benefits

The benefits of Riemann products include:

- > Licenced and regulated marketplace
- > Independent and transparent market for buyers and sellers
- > Producers, processors and investors have easy access to risk management tools
- > Unlike futures contracts, participants are not subject to margin requirements

Contract Specifications

Riemann Cotton OTC Forwards	
Product	An over-the-counter (OTC) cotton contract
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
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
Automatic Close Out	Contracts are Automatically Closed Out and Cash Adjusted at expiry against the Final Netting Price as issued by Mercari
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
Payment terms	Cash adjusted contracts - 14 days after Contract Expiry
Contract Settlement	Positions remaining after the Automatic Close Out process are physically delivered
Physical Delivery	
Deliverable origins	Australian grown cotton only
Underlying Physical	Base Grade of 31-3-36 G5 28 GPT with delivery tolerance as per the Riemann Cotton OTC Physical delivery Contract Terms
Physical Delivery	Net position holders will be issued with a 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 Riemann Cotton OTC Physical Delivery Contract Terms
Delivery Locations	Delivery will be at any approved gin-pad at sellers' choice. Each delivery contract 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 and Crop Year of the cotton delivered as per the Riemann Cotton OTC Premium and Discount (P&D) Schedule that is in force for the year of the Contract Expiry
Delivery Notification	The Seller to give the Buyer a minimum 5 business days' notice of the delivery location and one days' notice of the delivery date
Payment terms	Physical delivered contracts – 14 days after 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

Riemann

For more information on our cotton products, visit www.riemann.com.au or contact a member of our team at products@riemann.com.au or on +61 2 8024 5200.

Although every attempt has been made to ensure the accuracy of the information within this brochure, Riemann explicitly assumes no responsibility for any errors or omissions. Any examples shown in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience nor do they constitute the solicitation of the purchase or sale of any product. Appropriate independent advice should be obtained or parties should conduct their own investigation and analysis before making any investment decision

All matters pertaining to rules and specifications herein are made subject to and are superseded by the official Operating Rules specific to the trading of products mentioned in this brochure.

Derivatives are a leveraged investment. Financial Derivatives trading is not suitable for all investors, and involves the risk of loss.

Riemann Agricultural Services Pty Ltd (ACN 129 594 761).