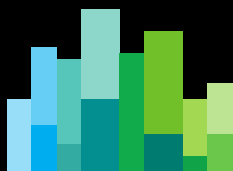


# MANAGING RISK WITH FERTILISER DERIVATIVES: THE 1<sup>ST</sup> PHYSICALLY DELIVERABLE UAN 30 CONTRACT



# EVOLUTION OF EURONEXT

- In 1986 creation of



- In 2002 *Euronext* buys *LIFFE* and becomes



- In 2007 *NYSE* buys *Euronext/LIFFE* and becomes



- In 2013 *ICE* buys *NYSE Euronext* and becomes



- In 2014 *ICE* spins off *Euronext* resulting in two separate exchanges:



# EURONEXT COMMODITIES | KEY FACTS

**Euronext will soon offer the global trading community a UAN 30 physically deliverable contract**

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A dynamic franchise in comparison with our peers: fast growing and already established as an international benchmark.

Key contracts now included in major commodity indices – Rogers International Commodity Index® and S&P World Commodity Index™ – increased spread volume around roll. Diverse customer base led by commercial hedgers includes funds, proprietary traders and investment banks

**121,292**

**lots of wheat contracts traded on 21/04/2016 beating last record on 18/12/14 of 96,97 lots (5.6 million tonnes)**

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**Euronext launch of a new Intra-European white sugar contract in Q1 /2017**



# THE NEW NITROGEN FERTILISER SOLUTION

## UAN 30 FUTURES CONTRACT:

Launch 14 November 2016



# WHY UAN 30?

## ■ Nitrogen solution (UAN)

- Easy to standardise product
- European fertiliser consumption estimated around 50 Mt
- 4 Mt UAN consumption in Europe p.a.
- Biggest consumption in Europe after Ammonium Nitrate (AN)
- Strong request by the farming industry and increasing number of term contracts 'further out'



# WHY UAN 30?

- Following the key flow of physicals (such as wheat)
- French consumption: 2.2 Mt of UAN p.a.
- 1.3 Mt p.a. delivered into Rouen
- Price discovery via Rouen as 'most adequate basis' for nitrogen inflow and wheat outflow



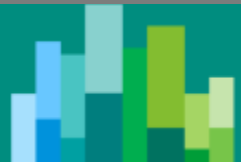
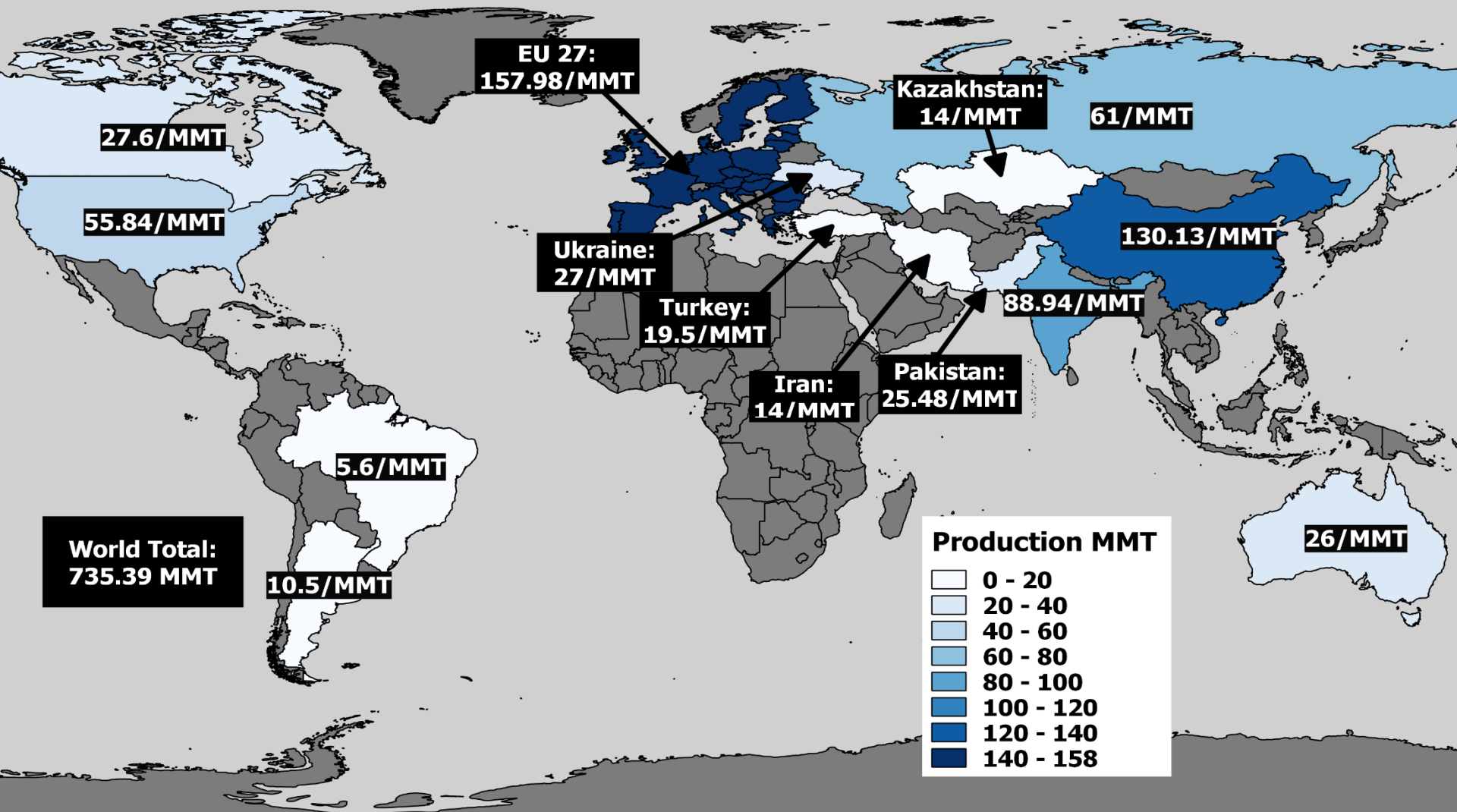
# MILLING WHEAT NO. 2:

## The global benchmark for EU wheat



# 2015/16 World Wheat Production

Source: USDA/FAS Jan. 2016 WASDE Report

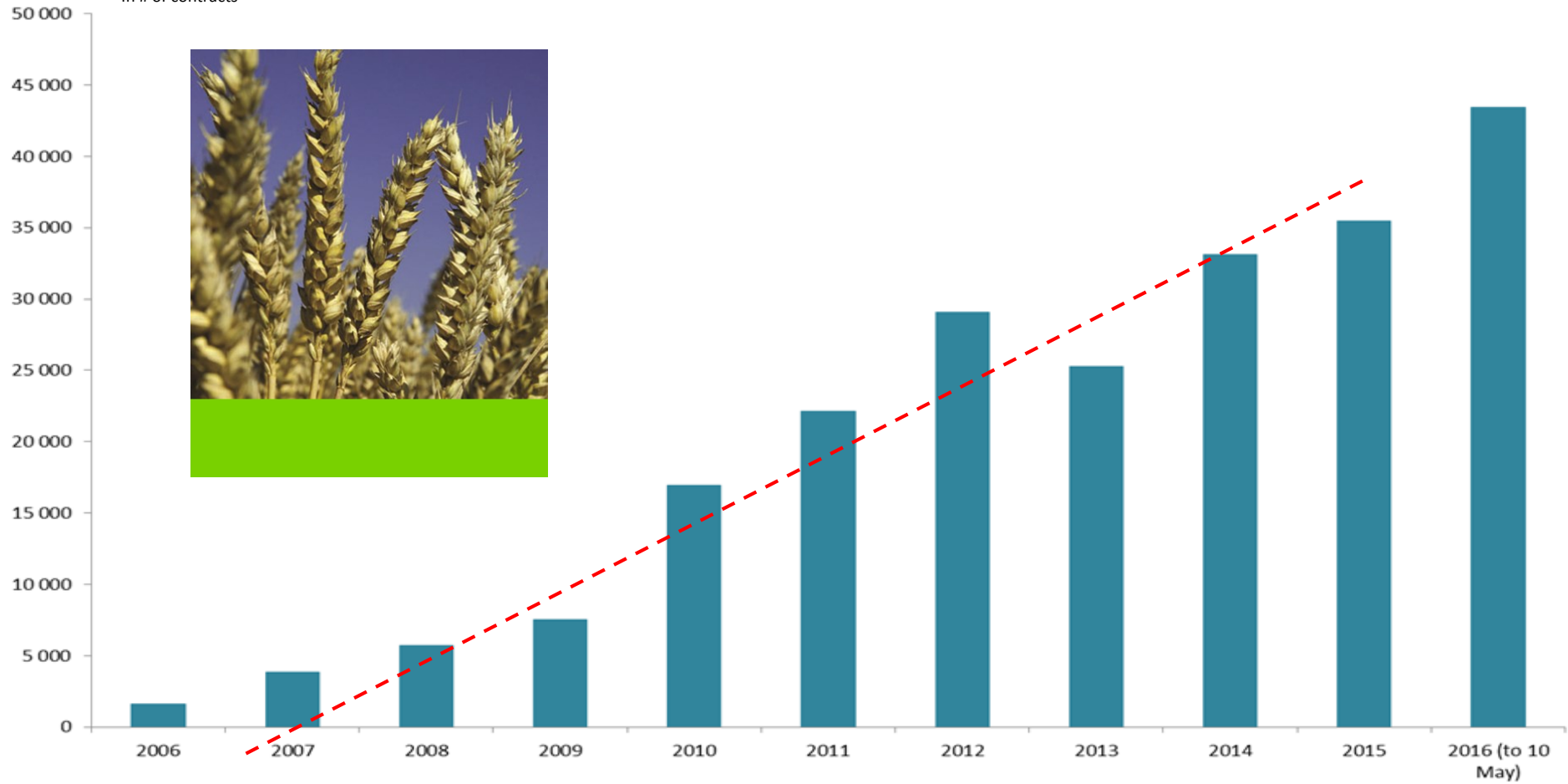




# AVERAGE DAILY VOLUME OF WHEAT CONTRACT

## Milling wheat Futures ADV

In # of contracts



# ROUEN AS TRADITIONAL WHEAT EXPORT HUB



- A benchmark for the French and entire European agricultural industry
- A traditionally high wheat outflow concentration from the ROUEN basin
- A physical market which is based on explicit milling criteria

# ...ROUEN AS TRADITIONAL UAN 30 IMPORT HUB



- A very centralised inflow of UAN 30 into ROUEN
- An “Easy-To-Define” Fertiliser product as benchmark for the entire French and European Farming industry - starting with nitrogen ...
- An underlying physical market which is clearly defined by the UAN 30 product specifications

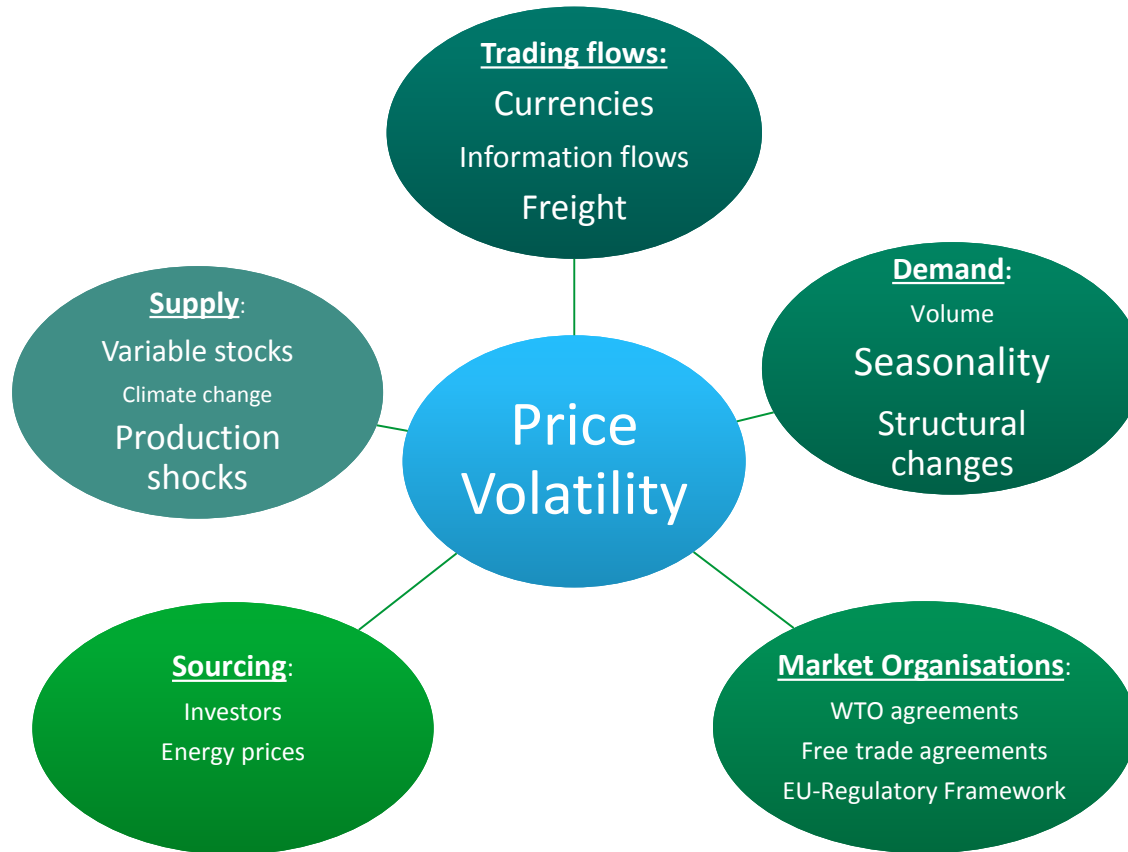
# THE UAN 30 FUTURES CONTRACT A PERFECT TOOL FOR RISK MANAGEMENT



# VOLATILITY (FCA ROUEN SINCE 2009)



# SOURCES OF VOLATILITY



# UAN 30 | FUTURES CONTRACT SPECIFICATIONS

Unit of Trading	30 metric tonnes
Origins tenderable	Any origin
Quality	<p><b>Nitrogen Fertiliser solution</b> derived from urea and ammonium nitrate as per EU REGULATION (EC) No 2003/2003 OF THE EUROPEAN PARLIAMENT relating to fertilizers and EU REGULATION (EC) No 1907/2006 (REACH), Annex II, with sound, fair and merchantable quality, all duties and taxes paid, and having the following specifications : Composition</p> <p><u>Chemical analysis:</u> Total Nitrogen content: <b>30 %*</b> (Ureic nitrogen 15%, Ammoniacal nitrogen 7,5% Nitric nitrogen 7,5%) <u>Physical analysis:</u> Appearance: No sediment, free of solid particles, Relative density equivalent at 20°C +/-0,5°C= 1,305-1,325 g/cm3**, Containing corrosion inhibitor</p> <p>* Tolerance margins in accordance with EC regulation 2003/2003, (Annex II, 1.1, 4.)Total nitrogen grade as per contract 30% (can also stem from UAN-32 solution with increased water content).</p>
Delivery Months	<b>March, June, September, November</b> such that 10 delivery months are available for trading
Price Basis	Euro and euro cents per metric ton as per <b>FCA-Incoterms 2010</b> basis at an accredited <b>tank in Rouen (France)</b> . The lot shall be made available in a FCA and presented by the buyer ready to receive the goods and “ <b>ready for loading</b> ”.
Min. Price Movement (Tick)	25 euro cents per tonne (€7.50)
Expiry date of contract month	The <b>10<sup>th</sup> calendar day of the month preceding the delivery month</b> (or trading day prior this date if 10th is public holiday) in accordance with the schedule established by the Exchange.
Notice Day	1 <sup>st</sup> trading day following expiry date
Delivery Period	Delivery takes place from the 6 <sup>th</sup> working day following expiry until the end of the last trading day of a specified month.
Trading Hours	10.45-18.30 (Paris time), 3.45am – 11.30 (Chicago time) Settlement period: last 10 minutes of trading
Algorithm	Price-time trading algorithm, with priority given to the first order at the best price



# THE NEW NITROGEN FERTILISER SOLUTION

## UAN 30 FUTURES CONTRACT:

Launch 14 November 2016





# THE FIVE STEPS TO BE READY TO TRADE

## Step 1

Get all relevant information about the UAN-30 Futures contract:

- Contract specs
- Notice of delivery
- Notice of terminal procedures

## Step 2

- Contact Clearing Brokers to collect all required information
- Coordinate internally with your Risk / Finance / Trade departments (potential synergies, cost benefit analysis...)

## Step 3

- Select your your GCM / Clearing Broker
- Internal mandate of futures trader and responsibility of who 'owns' daily management of positions

## Step 4

- Open account with your Clearer
- Setup connectivity (market data, voice trading, remote screen if needed )
- Review, adjust post-trade process

## Step 5

### READY TO TRADE ?

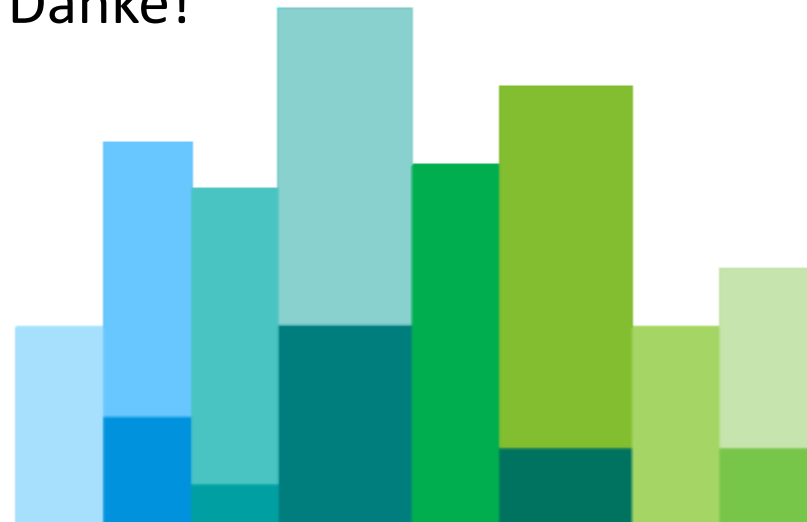
- Deposit the initial margin
- Prepare daily supervision of positions, margin calls and collateral in line with Risk and Finance departments

# CONTACTS

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Merci! Thank you! Danke!  
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