

Delivery procedure applied to milling wheat future contract

LCH.Clearnet SA reminds its Clients active on the milling wheat future contract of the physical delivery process and of the importance of the storage certificate sending in particular.

The main principles are the following:

- The selling Clearing Member must mandatorily provide the appropriate storage certificate to LCH.Clearnet SA in due time;
- No provision of the storage certificate by the selling Clearing Member may lead to the Clearing Member default;
- The selling Open Positions not covered by the storage certificate shall be liquidated.

The conditions are detailed in Notice 2011-22 dated the 7 February 2011 http://www.lchclearnet.com/Images/Notice%202011-022%20-%20delivery%20of%20milling%20wheat_tcm6-56936.pdf.

You will find hereafter a summary of the aforementioned rules:

For Selling Open Positions equal or greater than 100 lots (or 5,000 tons)	
Storage certificate: deadline for sending	The 5th Trading Day before the expiry day (D-5) by 5.00 p.m. CET at the latest.
Storage certificate: content	The storage certificate must mention a quantity at least equal to the Clearing Member selling Open Position.
No storage certificate sent in due time: consequences	When a selling Clearing Member fails to provide the relevant storage certificate(s) within the specified deadline - Clearing Member is deemed to be in default.
Liquidation process of the selling Open positions	<p>In such a case, any selling Open Position equal or greater than 100 lots not covered by the relevant storage certificate(s) shall be liquidated according to the following steps:</p> <p>Firstly, the Clearing Member which has failed to perform its obligation to deliver a storage certificate for such selling Open Position(s) within the specified deadline must offset or reduce such selling Open Position(s) to less than 100 lots during the 4th Trading Day before the expiry (D-4).</p> <p>Secondly, on the 3rd Trading Day before the expiry (D-3) at 10.30 a.m. CET, if the Clearing Member has failed to offset or reduce such selling Open Position(s) to less than 100 lots, LCH.Clearnet SA is entitled to liquidate the part of such selling Open Position(s) which is above 99 lots.</p>

For Selling Open Positions smaller than 100 lots (or 5,000 tons)	
Storage certificate: deadline for sending	On the Trading Day before the expiry day (D-1) at 05.00 p.m. CET at the latest.
Storage certificate: content	The storage certificate must mention a quantity at least equal to the Clearing Member selling Open Position.
No storage certificate sent in due time: consequences	When a selling Clearing Member fails to provide the relevant storage certificate(s) within the specified deadline - Clearing Member is deemed to be in default.
Liquidation process of the selling Open positions	<p>In such a case, any selling Open Position(s) lower than 100 lots not covered by the relevant storage certificate(s) shall be liquidated according to the following steps:</p> <p>Firstly, the Clearing Member which has failed to perform its obligation to deliver a storage certificate for such selling Open Positions lower than 100 lots within the specified deadline must liquidate its selling Open Position(s) by the end of the Trading Day before the expiry (D-1) at 06.30 p.m. CET.</p> <p>Secondly, on the expiry day (D) at 10.30 a.m. CET, if the Clearing Member has failed to liquidate such selling Open Positions, LCH.Clearnet SA is entitled to liquidate such selling Open Position.</p>

If you require any further information, please contact your account manager (contacts details available [here](#) or alternatively Arielle Combes, Head of Customer Relationship management (arielle.combes@lchclearnet.com)).

Yours sincerely,

Customer and Market Management LCH.Clearnet SA

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For more information, please visit our web site: www.lchclearnet.com