

EURONEXT INVENTORY MANAGEMENT

What is Euronext Inventory Management?

An electronic warrant system giving transferable title to commodities, thus securing the trade, delivery, and financing of Euronext-listed commodities.

Who is Euronext Inventory Management for?

Anyone who uses, trades, stores or finances Euronext-listed commodities. Specifically, end users of our futures contracts, physical traders, clearers, banks involved in trade financing, silos and storage facilities can use warrants to trade, hedge and, in time, deliver to the exchange in the context of the Matif delivery framework.

Why use Euronext Inventory Management?

Improved efficiency of the delivery process of Euronext futures contracts. Benefit from sophisticated tools for physical trading and financing of commodities and greater security of ownership of commodities.

Key benefits

- Centralised system allowing for the secure creation of transferable warrants and electronic storage certificates.
- Wider range of trade finance options for Euronext commodities.
- Euronext Inventory Management operates in all Euronext countries with eligible jurisdictions
- Physical trading is easy and secure, backed by solid legal opinion.
- Greater security of ownership, thus providing a secure and transferable title for effective trade finance.
- Developed in partnership with major silos, market participants and trade finance banks in order to provide a better hedging, trading, and financing tool for Euronext-listed commodities users and physical traders.

Euronext Inventory Management: an electronic register, developed by Euronext together with key industry players, providing a secure, fully transferable, pledgeable title of commodity ownership both for delivery of the Euronext contract and financing purposes.

Euronext Inventory Management has been developed to meet the needs of market participants, silos and trade finance banks across the Euronext countries. It aims to:

- enhance the existing delivery system
- increase visibility of Euronext-listed commodities stored in non-Euronext delivery silos
- bring more efficiency to trade financing with a secure warrant that can be pledged and transferred.

Starting with the digitising of storage certificates, with no change to the existing Matif CCP delivery process, Euronext Inventory Management will also cover transferable warrants or bills of lading on Euronext-listed commodities, allowing market participants to securely finance and transfer title on their goods. The use of an electronic register of warrants will contribute to a reduction of risk and simplify operational processes. Warrants created in approved delivery silos, representing deliverable quality and quantity, will be used for delivery in the near future, pending regulatory approval.

Trading and finance benefits

Warrants on Euronext-listed commodities can be electronically pledged and traded between participants of the system. This provides further support to physical traders and all those involved in the finance of commodities.

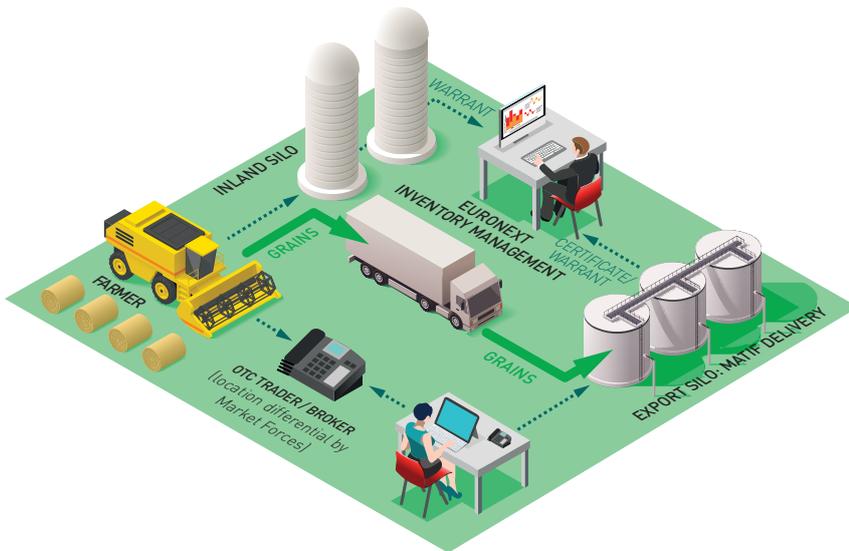
The system also provides benefit to storage facilities as it can assist in the administration and enforcement of rent payments.

Euronext-approved silos and storage facilities can create warrants that can be transferred electronically between approved users of the system.

Electronic warrants will be introduced into the Euronext contract delivery mechanism in due course, providing further efficiency and risk reduction opportunities for our members.

Documentation such as quality analysis reports or traceability documents can be attached to the warrants, facilitating the exchange and trade of goods.

FROM INLAND SILO TO EXPORT SILO



- Deal is brokered through usual channels with physical (OTC) brokers.
- Euronext Inventory Management supports these trades through the electronic transfer of ownership of warrants, giving clear title to commodities.
- Euronext's existing export locations, as well as inland locations, are within the scope of the system.
- Location differentials are determined by market forces: brokers specialised in Euronext products will provide clients with localisation swaps/price differentials.

EURONEXT CONTRACT IS ENHANCED, WITHOUT CHANGING THE DELIVERY PROCESS



- No change to the existing delivery processes: for instance the wheat basis and delivery locations remain at Rouen or Dunkirk. Together with market players, Euronext is looking at the integration of the hinterland of these silos.
- Euronext Inventory Management enables warrants to be traded using the OTC market, so commodities can be delivered to one of the export silos, with market forces handling the price difference.

Find out more

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