

From CCP Physical Operations
To Public

Date 20/01/2025

Subject **Questions & Answers: against the physical delivery process**

I- Silos.

1. What relationship does Euronext have with the various Silo/warehouses as a third party to Clearing Member.

Euronext Paris SA (exchange), Euronext Clearing (CCP) and Approved Silo have entered into a contractual arrangement. The terms and conditions applied to approval and services performed by the Approved Silos are described in the Annex to the Instructions (Annex B.6.5.7.3 Approved Silo: Conditions applied to approval and services provided available from Euronext Clearing website: [Rules & Regulations | Euronext Clearing](#)).

2. Are the Silo monitored for load out speed, what is the process if slow loading will cause delay in meeting the delivery deadlines.

It is the responsibility of the buying Clearing Member to ensure that the release of storage capacity is completed by its client before the deadline according to the loading capacity of the Approved Silo. In the case of exceptional conditions not falling under an event of force majeure and temporarily hindering the fulfilment of delivery obligations during the release of the Approved Silo's storage capacity, Euronext Clearing may extend such delivery period, from time to time, by eight (8) calendar days, pursuant to the physical market trade customs (pursuant to Section 5, paragraph 2 of the Annex B.6.7.5.1 to the Instructions related to milling wheat contract delivery procedure available from Euronext Clearing website: [Rules & Regulations | Euronext Clearing](#)).

3. Is there a list of approved active silos and contact details.

Yes, the lists of Approved Silos for n°2 milling wheat future contracts are available from the dedicated Annex to the Instructions (Annex B.6.5.7.9 – List of Approved Silos) available from Euronext Clearing website: [Rules & Regulations | Euronext Clearing](#)

II- Documents.

1. "Notice of performance" who's responsibility for confirmation by Silo, is it Buyer, Seller, or Euronext.

All parties involved in the delivery (seller, buyer, silo) are responsible for providing a duly completed and signed Notice of Performance to Euronext Clearing (see below). To be valid, each submitted Notice of Performance shall relate to only one matching number assigned by Euronext Clearing and must be signed by all the above-mentioned parties.

It is the CCP (Euronext Clearing)'s responsibility to acknowledge the receipt of the Notice of Performance duly completed and signed by all parties (including Silo's signature).

At the latest on the first Trading Day of the month following the delivery month:

Step 1: the buying Clearing Member shall submit to the selling Clearing Member before 11:00 CET a duly completed and signed Notice of Performance.

Step 2: the selling Clearing Member shall submit the duly completed and signed Notice of Performance to the Approved Silo by 13:00 CET.

Step 3: the Approved Silo submits the duly completed and signed Notice of Performance to Euronext Clearing before 15:00 CET.

Once Euronext Clearing receives the Notice of Performance from Silo, it will inform participants whether the notice has been accepted.

We recommend adding Euronext Clearing in cc when sending the Notice of Performance to the Approved Silo.

2. "Notice of performance" for ADP why does the Silo need to sign, surely this must be a separate document, like "Delivery notice" or should there be a disclaimer on the current "Notice of performance" for this delivery type.

This is because the goods are stored in the Approved Silo. By signing the Notice of Performance, the Approved Silo is made aware of the fact that the ADP delivery procedure has been activated. Under the Alternative Delivery Procedure, the terms and the price applied to the creation of Storage Certificates, to the storage and to the loading are defined by the Approved Silo's general terms and conditions.



2. What documentation is required by Clearing member, is this only “Notice of Performance” and “Delivery Notice”?

After the expiry date, Clearing Members are required to provide the CCP with the Delivery Notice and the Notice of Performance.

Delivery Notice:

D+3 before 10:00 CET: the selling Clearing Member to submit Delivery Notice to buying Clearing Member:

D+3 before 10:00 CET: the buying Clearing Member to submit Delivery Notice to Euronext Clearing.

Notice of Performance

In case of Alternative Delivery Procedure:

on D+2 before 19:30 CET.

In case of Guaranteed Delivery Procedure:

After fulfilment of buying Clearing Members and selling Clearing Members reciprocal obligations and at least on the first Trading Day of the month following the delivery month.

3. PDF copies of documentation need for each physical delivery.

All templates are available on the Euronext Clearing website:

[Euronext Clearing Website](#)

III- EIM.

1. EIM System is partially built, when is the completion date for Silos.

Specifications are in progress. We will get back to you as soon as we have an ETA.

2. EIM system, can the clients over cover their positions with one certificate at expiry.

It is possible to cover all positions with only one certificate. However, you should pay attention to the following points:



1- Over-covering the position is only allowed during the day. As from D-2 until D included, at EOD (17.00 CET), you must ensure that the Storage Certificate matches the exact open positions. This practice may increase the cost of Storage Certificate creation as the Approved Silo will have to cancel the existing Storage Certificate and reissue a new Storage Certificate each time.

2- In EIM, you must ensure that there is at least one certificate per selling Clearing Member's Client. It is not possible to cover positions of different Clearing Member's Clients with the same certificate, as the certificate is assigned to one Clearing Member's client (i.e. order giver acting on the physical market).

IV- Cash movements.

1. Payment of the silo fees prefunding amount for Milling Wheat N°2 futures contract.

The pre-funding amount for the silo fees are collected by Euronext Clearing from the Clearing Members and any excess of cash is refunded to the Clearing Members, based on the final invoice issued by the Approved Silo.

As per standard process, Clearing Members are invited to pay such pre-funding amount:

- via direct wire bank transfer to the account opened in the name of the Euronext Clearing in a relevant commercial bank.
- by requesting Euronext Clearing to make such payment through direct cash debit from the Clearing Member's cash account held in T2 payment system.

Unless otherwise agreed, the payment of the goods is a bilateral process between the end customers. Once the loading has been completed, the buying party shall pay the amount of the goods to the selling party. Clearing Members are requested to inform Euronext Clearing that such payment has actually been made.

Variation Margins and Premiums of derivatives contracts are paid to the CCP through T2 payment system.

2. Where are the rates for Silo warehouse fees kept, do the rates change for each product or remain the same.

The MATIF tariff are only applicable to the Milling Wheat N°2 contract. MATIF tariff can be found on ENX Clearing *Connect Portal* page dedicated to clearing derivatives markets [Euronext Clearing - Derivatives markets | Connect](#)



3. Where are the Margining rates calculation method kept, do the rates change for each product or remain the same.

The calculation method is available from Euronext Clearing website https://www.euronext.com/sites/default/files/2024-02/ncas_-_module_comder2_-_initial_margins_1.pdf (Methodologies | euronext.com /Commodities Derivatives/Margins/Methodological Notes).

Within the above-mentioned risk methodology documentation, the section related to the delivery margins is the 'SUB3' sub-portfolio Section.

The delivery margin amounts ('rates') vary across commodities (milling wheat, corn, rapeseed) and through time.

4. What reports they have available to assist with monitoring the delivery margins.

In terms of reporting, there are dedicated reports to monitor derivative margins:

- **DM06 - Commodity Derivatives Margin Breakdown**
- **DM07 - Commodity Derivatives Initial Margins**
- **DM08 - Commodity Derivatives Total Margins**

5. Fees are now cheaper to go through the Guaranteed Delivery process than the Alternative Delivery process, what is the reasoning behind this.

Euronext Clearing is willing to encourage participants to opt for the Guaranteed Delivery Procedure.

V- Close outs

1. Close out running up to the physical date, why are these taken at 15:00 CET and not at close EOD, rules allow clearing members to have up to 10 am next day to close these positions.

If this question is related to the minimum quantity eligible for delivery, this point is covered by Article 6.7 of the Annex to the Instructions dedicated to milling wheat delivery (Annex B.6.5.7.1).

On D-1, at 15:00 CET, any Clearing Member with a Client's selling Position lower than 10 lots (500 tonnes) shall take the necessary measure to either close the position before the end of day, or to increase its selling position to a minimum of 10 lots.



Clearing members have until the end of day D-1 to close the position.

On the following next trading day (expiry day D), if such selling positions lower than ten (10) lots have not been closed out by the Clearing Member, Euronext Clearing reserves the right to liquidate and close out such selling Position.

VI- Recommendations

1. Daily report of the Physical status of the delivery consolidated by Euronext at EOD.

At D+1, and D+2, Euronext Clearing publishes on its website a report against the Total quantity in delivery (D+1) and a report against the Total quantity in delivery per location (D+2).

All reports are available on the Euronext Clearing website:

[Euronext Clearing Website](#)

2. Clearing members do not have relationships with the Silos.

On this particular point, we would raise your attention to the Preliminary Statement of the Annex B.6.5.7.1 related to the Delivery Procedure applied to the n°2 Milling Wheat future contract as cited below.

In addition to the relevant Euronext Clearing Regulations and Instructions and relevant Euronext Paris SA trading rules, Clearing Members and any entity acting on the N°2 Milling Wheat futures contract must familiarise themselves with the relevant Trading Terms and Conditions, as defined below in Section 1 of this Annex, as well as with the general terms and conditions applied by the Approved Silos for the delivery of such N°2 Milling Wheat futures contract. In addition, Clearing Members and any entity acting on the N°2 Milling Wheat futures contract are deemed to have executed the above-mentioned general terms and conditions issued by the Approved Silos.

Clearing Members acting on the N°2 Milling Wheat futures contract should notably be aware that acceptance of goods into storage and storage conditions must be in accordance with the general terms and conditions of such Approved Silo. For the goods to be accepted into storage, such goods must also comply with quality criteria allowing the Approved Silo to operate a blending of the grains received, resulting in a milling wheat quality compliant with the reference quality as defined in Section 2 of this Annex.

More specifically, selling Clearing Members acting on the N°2 Milling Wheat futures contract should also be aware that, according to Article B.6.5.4.2 of the Instructions related to the transfer of goods, and Article 8.4 of this Annex, the transfer pertains to goods already physically stored and duly registered



within the books of the relevant Approved Silo pursuant with the latter's terms and conditions. Subsequently, the transfer of goods is performed by the Approved Silo under the form of a book-entry transfer process between the account opened in the name of the selling Clearing Member's Client (selling order-giver) on the one hand and the account opened in the name of the buying Clearing Member's Client (buying order-giver) on the other hand.

(...)

3. Active prompts from Euronext to clearing members for deadlines.

Euronext Clearing publishes a Market notice with key milestones of the closest expiry at D-15. At D-2 and D+1, a communication is sent to remind to consult the market notice for the upcoming obligations and deadlines.

All the documents relevant to the physical delivery process are available on the Euronext Clearing website: [Euronext Clearing Website](#)

4. remove the requirement for SWAPS and replace with the Buyer submitting their preferences before the expiry takes place.

The CCP is assessing this question and would like to open a consultation on this particular point with other participants.

For any further clarifications, please consult the relevant documentation or reach out to Euronext Clearing:

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