

MemberUpdate

UPDATE 18 of 19 • 21 June 2019

TOPIC: Proposed Changes to GTA Trade Rule 13 & Circle Trade Settlement Date

DISTRIBUTION: GTA Members – primary contact list. Please circulate to all appropriate internal parties.

ATTENTION REQUIRED - PROPOSED CHANGES TO GTA TRADE RULES

1. Purpose

The purpose of this Member Update is to inform GTA Members and to call for Submissions on proposed draft amendments to the GTA Trade Rules including changes to the clauses relating to:

1. Conveyance and Delivery Instructions; and
2. The Circle Trade - Settlement Date.

2. Background

Conveyance and Delivery Instructions/Circle Trade - Settlement Dates: (for further information refer Member Updates [\(5 of 19\)](#) & [\(15 of 19\)](#))

In response to member feedback a GTA Commerce Sub-committee was established to consider issues surrounding the GTA Trade Rules, (particularly Trade Rules 13.1.1 & 13.1.2, and the Circle Trade - Settlement Date) to seek to provide clarity in this area.

Strong interest from Members on the initial proposals raised in Member Updates [\(5 of 19\)](#) & [\(15 of 19\)](#) was evident with numerous Member Submissions received raising issues and proposing amendments to the GTA Trade Rules.

At its April 2019 meeting the Commerce Committee the resolutions included:

- A Sub-committee be established to commence a review of the GTA Trade Rules to assist with clarifying issues around Conveyance and Delivery instructions and Buyers Call.
- Changes to the Trade Rules will be drafted by a Sub-Committee to bring forward the settlement date for Circle Trades and Contract Washouts to be 7 days after raising of an invoice.
- The Sub-committee shall prepare draft amendments to the Trade Rules Conveyance and Delivery and Circle Trade – Settlement Date sections that will be provided to GTA Members for review and comment through a subsequent Member Update.

3. Update

The Sub-Committee and the Commerce Committee has met and discussed and agreed potential amendments to the GTA Trade Rules. A summary of the proposed changes and the reasoning behind the change is provided in the following Table 1.

Table 1. Summary of Proposed Changes to GTA Trade Rules

| Reference | Proposal | Page # | Purpose of the Proposed Amendment |
|-------------|--|-------------------|--|
| Definitions | Re-locate Delivery Instructions | From Pg.4 to Pg.6 | It is proposed to take the opportunity to correct an inconsistency with the alphabetical order of the Definitions |
| | Alter Buyer's Call Definition | Pg.6 | It is proposed to link the Buyer's Call Definition to a specific clause that outlines its operation. |
| | Alter Delivery Instructions Definition | Pg.6 | A proposal to improve the Definition by the inclusion of a requirement to provide: <ol style="list-style-type: none"> 1. Tonnes to be delivered; 2. Delivery location; and 3. Delivery date range. |
| | Re-locate Even Spread Definition | Pg.6 | It is proposed to take the opportunity to correct an inconsistency with the alphabetical order of the Definitions |
| Rule 13.0 | Insert a specific Buyer's Call clause – 13A | Pg.13 | <ol style="list-style-type: none"> 1. Clarifies the Buyer, under the Term Buyer's Call has the right of conveyance; 2. Outlines the delivery process for a Buyers Call post receipt of Delivery Instructions from the Buyer; 3. and confirms Rule 13.1 in its entirety does not apply for a Buyers Call Contract. |
| Rule 13.1.1 | Alter the Notice and Delivery Instructions | Pg.13 | <p>It is proposed to:</p> <ol style="list-style-type: none"> 1. Link the provision of the Buyers Delivery instructions to the commencement of the Delivery period as opposed to the Sellers written notice. Under this proposal the specific Delivery instructions will be provided by the Buyer five days prior to the commencement of Delivery. This is proposed as in practice a Seller may provide written Notice some time prior to Delivery, such as 30 days prior resulting in the Buyer being required to provide Delivery instructions 28 days out from the commencement of Delivery. 2. Extend the number of Business Days the Seller shall give the Buyer from five to not less than seven days. This is to ensure the Buyer has as a minimum 2 days to prepare the Delivery instructions under the arrangements as described in point 1. |
| Rule 13.1.2 | Alter the Notice and Delivery Instructions for Ex Store, Ex farm | Pg.13 | It is proposed to replicate the proposed arrangements in 13.1.1 and make amendments to 13.1.2 |
| Rule 18.1.3 | Alter the Settlement Dates of Circle Trades | Pg.16 | It is proposed that payment terms are changed to – Payment shall be no later than 7 Business Days from the receipt of an Invoice issued by the Buyer or the Seller. |
| Rule 18.1.5 | Inclusion of an obligation to assist in ascertaining a Circle | Pg.17 | It is proposed to include an obligation that Sellers and Buyers shall give every assistance to ascertain the circle |

4. Proposed Trade Rule Modification

A PDF version of the Trade Rules including marked-up changes to the specific clauses is included [here](#) for Members to review. It is noted that further minor wording or format changes may be performed as part of this Trade Rule review process.

GTA Members are asked to review and consider the proposed changes (per above) to the GTA Trade Rules.

[PROPOSED DRAFT VERSION OF TRADE RULES INCLUDED HERE](#)

5. Calling for Submissions

Comments and submissions on the proposed changes to the Trade Rules are sought from GTA Members and other interested parties.

Submissions will be reviewed and considered by the Trade Rules Sub-Committee and the Commerce Committee and may then provide a recommendation to the GTA Board.

Submissions should be lodged by emailing submissions@graintrade.org.au and title your email – Trade Rules Conveyance and Delivery Instructions/Circle Trade – Settlement Dates.

Submissions should be received **by COB Friday 12 July 2019**.

A proforma for lodging submissions can be accessed [here](#), noting that submissions do not need to be supported by other GTA Members, however, if they are supported, please indicate on the form.

Unless marked “confidential” and appropriate supporting reasons are provided, all submissions may be placed on the GTA website for industry review.

6. Further Details

Visit the GTA website for full details. <http://www.graintrade.org.au>