

CIRCULAR TO:

ALL MEMBERS

NO. 163/00

CANOLA AND SORGHUM FUTURES CONTRACTS
BY-LAW AMENDMENTS

Members are advised that the Board has approved amendments:

- to the Canola and Sorghum By-Laws to clarify the rules relating to the state of origin of grain; and
- to the Canola By-Laws to clarify acceptable deviations from the specified grade.

State of Origin for Canola and Sorghum

The Canola and Sorghum contracts have been designed to encourage export participation in the contract by locating delivery sites in states with no export regulation. However, the By-Laws need to clarify the acceptable state of origin of the grain because grain from regulated states can be exported only by the statutory marketing authorities in those states.

The export of canola is unregulated in South Australia and Victoria and regulated in NSW and WA. CN.1 has been amended to prevent regulated canola entering the SFE canola delivery system.

The export of sorghum is unregulated in Queensland and regulated in NSW. SOO.1 has been amended to prevent NSW sorghum entering the SFE sorghum delivery system.

The amended By-Laws read as follows:

CN.1 Each bought and sold contract shall consist of 20.00 metric tonnes of canola, of South Australian or Victorian origin, which meets Australian Oilseed Federation applicable standards with no minimum oil and no bonification payments and is stored in an Approved Warehouse pursuant to CN.4.

SO.1 Each bought and sold contract shall consist of 50.00 metric tonnes of sorghum, of Queensland origin, which meets Grainco Australia Limited Red Sorghum (1 Red) applicable standards and is stored in an Approved Warehouse pursuant to SO.4.

Canola Price Adjustments

CN.1 has also been amended to clarify the position regarding price adjustments for canola that deviates from the deliverable grade.

The Australian Oilseed Federation (AOF) Oilseed Standard authorises specified levels of impurities, moisture, broken seed, damaged seed, sprouted seed or green seed and allows rejection of delivery if the grain deviates from these levels, and the Exchange will make no price adjustments to canola which meets the those standards. In view of this, certain other parts of the standard need to be excluded for the purpose of futures deliveries (ie. no minimum oil content and no price adjustments for deviations from the delivery standard for impurities, moisture etc).

The amendments read as follows:

- CN.1 Each bought and sold contract shall consist of 20.00 metric tonnes of canola, of South Australian or Victorian origin, which meets Australian Oilseed Federation applicable standards with no minimum oil and no bonification payments and is stored in an Approved Warehouse pursuant to CN.4 and which meets Australian Oilseed Federation applicable Oilseed Standards with the following exceptions:
- (i) No minimum oil requirement (and therefore no bonification adjustment for oil content);
 - (ii) No price adjustments for impurities, moisture, broken seed, damaged seed, sprouted seed or green seed.
 - (iii) All references to "Rejectable over" are to be deleted; so that grain which exceeds the maximums specified for impurities, moisture, broken seed, damaged seed, sprouted seed or green seed must be rejected.

The amendments are subject to regulatory approval, but come into effect immediately.

Should a Member require further information with regard to these By-Law amendments, enquires should be directed to:

Grant Hinrichsen, Manager Commodity Products Marketing – Tel: (02) 9256 0576 or
Margaret Willett, Senior Research Analyst, Commodities – Tel: (02) 9256 0493

BARBARA JONES
COMPANY SECRETARY

25 AUGUST 2000