



ICE DURUM WHEAT FUTURES & OPTIONS

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ICE Futures Canada • ICE Clear Canada

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ICE Futures Canada is pleased to introduce Durum Wheat futures and options, which are expected to be listed for trade in January 2012, following enactment of Bill C-18.

The majority of Canada's wheat, durum wheat, and barley is produced in the western provinces of Manitoba, Saskatchewan, Alberta, and British Columbia. Since 1943, the Canadian Wheat Board (CWB) has held a legal monopoly to market all wheat, durum wheat, and barley grown in Western Canada and destined for human consumption or for export.

Bill C-18, introduced by the Government of Canada on October 18, 2011, will end the CWB's marketing monopoly and allow Western Canadian wheat, durum wheat, and barley to be freely traded for the first time in nearly 70 years.

Western Canadian grain producers, grain merchants, and processors have been using grain and oilseed futures to market some of their crops for generations, most notably ICE Futures Canada's flagship Canola contract. Canola is Western Canada's second-largest crop by volume, after wheat, and is the highest total value crop.

DURUM WHEAT CONTRACT HIGHLIGHTS

Contract Size	100 metric tons ("tonnes")
Price Quotation	Canadian dollars and cents per tonne
Minimum Price Fluctuation (Tick)	\$0.10/tonne (\$10.00 per contract)
Delivery Months	March, May, July, October, December
Par Deliverable Grade	No. 1 Canada Western Amber Durum (CWAD) wheat with minimum 12.5% protein, maximum 2.0 ppm vomitoxin, and maximum 1% dockage.
Delivery Points	Regular elevators in Southwestern Saskatchewan, with delivery at other points in Southern Saskatchewan and Southern Alberta at listed premiums or discounts.

DURUM WHEAT

The grade of durum wheat deliverable at par against the Durum Wheat futures contract is No. 1 Canada Western Amber Durum (CWAD) wheat. Durum wheat is primarily used to produce pasta in Europe and North America, and to produce couscous and flatbreads in North Africa and the Middle East. Durum wheat has the hardest texture of all classes of wheat, with high protein content and strong gluten. Pasta produced from durum semolina flour is stable when cooked and has a firm and consistent texture.

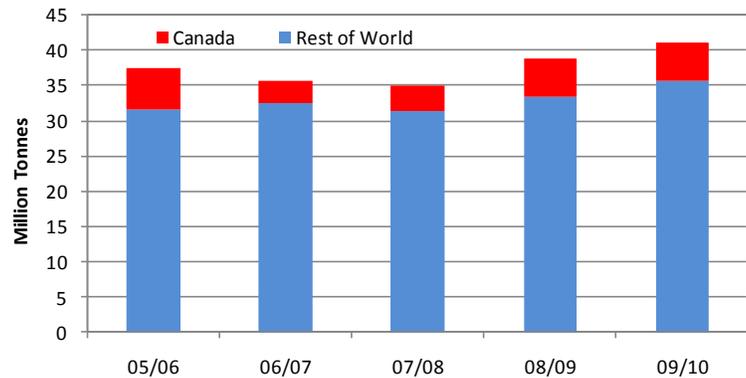
The European Union is the largest producer of durum wheat, and Canada is the second-largest. There is also significant durum wheat production in Middle-Eastern and North African countries, Turkey, the United States, and Kazakhstan. Canada is the largest exporter of durum wheat, averaging 51% of world durum exports for the 2005-06 to 2009-10 marketing years (July – June). The European Union, the United States, and Mexico round out the top four exporting countries. The primary importers of durum wheat are the European Union and North African countries.

WORLD DURUM WHEAT SUPPLY & DEMAND

Global production of durum wheat averaged 32.9 million tonnes for the five years from 2005/06 to 2009/10 (July – June marketing years). Global trade of durum wheat averaged 7.6 million tonnes over that same period, and 3.9 million tonnes, or 51% of world durum wheat exports, was exported from Canada.

From 2005 to 2009, an average of 4.8 million tonnes of durum wheat was produced in Canada, and an average of 37.6 million tonnes was produced worldwide. On average, 81% of Canada's durum wheat production is exported.

Durum Wheat Production



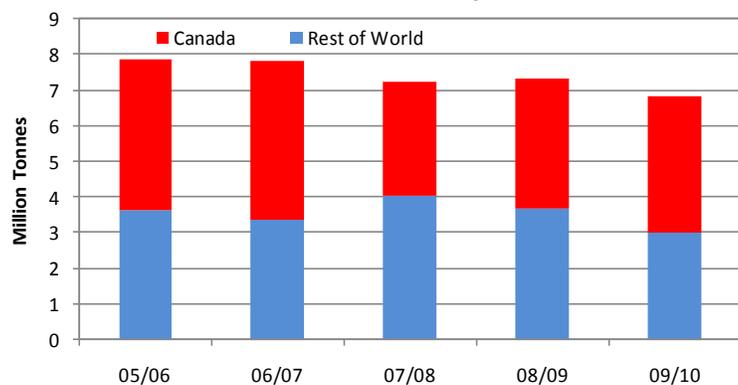
Source: Agriculture and Agri-Food Canada

CONTRACT STRUCTURE

The Durum Wheat contract prices No. 1 Canada Western Amber Durum (CWAD) wheat in the major producing area of Southwestern Saskatchewan, with delivery at premiums or discounts at other locations in Southeastern Saskatchewan and Southern Alberta.

By pricing durum wheat at the production source, rather than at a single destination or trans-shipment point, the contract provides flexibility for shipment in all directions, including to exporting ports on the Pacific coast and the St. Lawrence River, and to markets across North America.

Durum Wheat Exports



Source: Agriculture and Agri-Food Canada

The par deliverable grade reflects the specifications of most of the domestic and export trade, and the deliverable grades allow for most durum wheat grown in Western Canada to be deliverable against the Durum Wheat futures in a typical production year.

CONTRACT CURRENCY

The Durum Wheat futures and options contracts are priced in Canadian dollars (CAD). By pricing the contract in the currency used for trade in the major production area, the contract pricing is relevant to its primary users who determine the contract value, and reduces the need for producers and small hedgers to hedge currency when trading the Durum Wheat contract. The need to hedge currency thus falls to exporters and merchandisers, who trade durum wheat in larger lots and are more accustomed to hedging currency.

DELIVERY CAPACITY

Delivery will be F.O.B. at registered grain elevators that are able to load both trucks and rail cars.

During most years, the entire deliverable supply of durum wheat will be shipped through elevators in, or immediately adjacent to, the deliverable regions. These elevators have a total grain storage capacity of 2.0 million tonnes. Most of this storage space is in elevators that are eligible to be registered as regular for delivery and are operated by companies eligible to issue warrants for delivery against the Durum Wheat contract.

DELIVERY PROCESS

Futures delivery is managed using a Warrant and Delivery Certificate system. Warrants may be issued by Participants registered in the category of Merchant – Multi-Commodity.

Futures delivery is initiated by the short futures position holder (seller) submitting a tender notice during the notice period of the contract month in which the short position is held. The tender notice is accompanied by a new Warrant in the case of a new delivery, or accompanied by a Delivery Certificate in the case of a re-delivery of certificates. On the following trading day, the delivery is matched to one or more long position holders (buyers) in the same contract month, beginning with the oldest long position. The buyer(s) receive a Delivery Certificate from the Exchange, and the futures positions of the seller and buyer are closed (offset). Payment is transferred from buyer to seller through the Exchange.

Delivery Certificates are generic as to location and grade. A Delivery Certificate holder may call for shipment of durum wheat on any Trading Day. The shipment process is described in the next section. A Delivery Certificate holder (buyer) who does not wish to call for shipment may re-deliver the Delivery Certificate against a short futures position during the applicable notice period, or may sell their Delivery Certificate to another party at any time.

Delivery Certificate holders pay Transaction Facilitation Fees of \$0.12 per tonne per day to cover storage and other services from the day they obtain the Delivery Certificate until the day they transfer the Delivery Certificate to another party or the day shipment of durum wheat is made. Warrant issuers receive Transaction Facilitation Fee payments for these services until they ship durum wheat or offset their warrants.

Warrant issuers may fulfill their obligation by shipping durum wheat when called for by a Delivery Certificate holder, or may offset and cancel their warrant by taking delivery of Delivery Certificates through a long futures position or buying an outstanding Delivery Certificate from another party.

Warrant issuers must post letters of credit or cash with the Exchange for indemnification of all outstanding warrants in an amount specified in the Rules.

SHIPMENT PROCESS

The physical movement of the durum wheat represented by a Delivery Certificate is initiated by the holder of the Delivery Certificate (the buyer) submitting a Call for Shipment to the Exchange on any Trading Day.

A buyer may call for shipment against part or all of the Delivery Certificate(s) it holds, in multiples of 100 tonnes.

Delivery Certificates are generic. When called for, the Exchange will match the shipment to the oldest outstanding Warrant(s) (sellers). The seller(s) will be notified that shipment has been called for, and will provide, within two business days, a list of one or more regular elevators (nominated locations) where the durum wheat may be shipped from, and the quantity available at each nominated location. When nominating more than one location, sellers must nominate a minimum of 500 tonnes at each location. If the quantity called for shipment is less than 500 tonnes, the entire quantity must be nominated at one location.

Within two business days after receiving the list of nominated locations, the buyer must either accept or reject shipment of part or all of the nominated quantity at each nominated location, in multiples of 100 tonnes.

When part or all of the nominated quantity is rejected by the buyer, that portion of the seller's warrant(s) are re-dated to the rejection date, and this rejection date is then used to determine the oldest outstanding warrants when future requests for shipment are made.

When part or all of the nominated durum wheat is accepted, the buyer and seller arrange to make shipment of the accepted quantities, and the shipment must be complete within 32 business days from the date the buyer accepted the shipment.

The buyer may arrange for shipment to be made by truck or by rail. It is the buyer's responsibility to arrange for shipment by truck. When shipment is by rail, the buyer provides shipping instructions to the seller, and the seller places orders with the railway for empty rail cars to be placed at the shipping facility. It is the seller's responsibility to load and release the rail cars as required under the Rules, and it is the buyer's responsibility to pay the freight charges.

ICE DURUM WHEAT FUTURES AND OPTIONS CONTRACT SPECIFICATIONS

FUTURES	
Trading Symbol	DW
Contract Size	100 metric tons (“tonnes”)
Price Quotation	Canadian dollars and cents per tonne
Minimum Price Fluctuation (Tick)	\$0.10/tonne (\$10.00 per contract)
Pricing Basis	Free on Board regular elevators in the Par Region
Delivery Months	March, May, July, October, December
Trading Hours	Pre-open 6:30 pm CT, Open 7:00 pm to 1:15 pm CT
Settlement Period	1:14 to 1:15 pm CT
Daily Price Limit	\$20 per tonne, expandable to \$30 and then to \$40.
Deliverable Specifications	Canada Western Amber Durum (CWAD) wheat with minimum 12.5% protein, maximum 2.0 ppm vomitoxin, maximum 1% dockage, and other specifications to meet: No. 1 Canada Western Amber Durum wheat at contract price, or No. 2 Canada Western Amber Durum wheat at a discount of \$5.00 per net tonne.
Delivery Regions	<p>Par - Locations in Saskatchewan, West of Moose Jaw and south of Saskatoon, and at Saskatoon.</p> <p>Southeast Saskatchewan - Locations in Saskatchewan, at and east of Moose Jaw, at a \$6.00 per tonne premium.</p> <p>Southern Alberta – Locations in Alberta, from Stirling in the south, to Calgary and Lyalta in the northwest, to Medicine Hat – Dunmore in the east, at a \$6.00 per tonne discount.</p>
First Notice Day	One Trading Day prior to the first delivery day.
First Delivery Day	First Trading Day of the delivery month.
Last Trading Day	Trading Day preceding the fifteenth calendar day of the delivery month.
Final Notice Day	First Trading Day after the last Trading Day of the delivery contract.
Speculative Position Limit	200 contracts in spot month. Speculative Position Limits apply during spot month only.
OPTIONS	
Underlying Contract	One Durum Wheat futures contract
Price Quotation	Canadian dollars and cents per tonne
Minimum Price Fluctuation (Tick)	\$0.10/tonne (\$10.00 per contract)
Contract Months	Regular options: March, May, July, October, December Serial options: January, February, April, June, August, September, November
Last Trading Day (Expiry Day)	The last Friday which precedes by at least two Trading Days the last Trading Day immediately preceding the options month, except January options expire on the third Friday of December.