

Listing of cash settlement grain contracts

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The Budapest Stock Exchange is adding new futures contracts to the products that may be traded in the commodities section.

From 1 December 2011, cash settlement will be possible for transactions involving mill wheat, feed corn and high oil content sunflower seed.

Almost all parameters of the new futures products with cash settlement (tick size, quality of goods and maturity structure) are identical to those of the corresponding product with physical delivery. The settlement price of each maturity of the futures products with cash settlement will be the same as the settlement price of the underlying product, which is the settlement price of the corresponding maturity of the futures product with physical delivery.

In addition to the form of settlement, another difference is the contract size. In order to allow trading in lower volumes, the contract size for each cash settlement transaction will be 25 tons instead of 100. Another difference from products with physical delivery is the method for opening maturities. The cash settlement maturity may be traded from the time that the settlement price of the corresponding maturity of the physical delivery first develops. (In practical terms, it is the first exchange day after the day the product with physical delivery in the given maturity is traded.)

Futures grain contracts with cash settlement can be attractive for small investors who so far have stayed away from commodities market products due to the lack of alternative to physical delivery.

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About Budapest Stock Exchange Ltd.

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