

# THE FUNCTIONING OF THE FUTURES MARKETS: NEW REGULATION, CHALLENGE & OPPORTUNITIES

**Euronext Commodities**

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# CONTENTS

- Euronext
- Commodity Derivatives
- Euronext Commodity Metrics
- New Initiatives
- New Regulation



# EURONEXT : A BRIEF HISTORY

In 1986 Creation of



In 2002 *Euronext* buys *LIFFE* and becomes



In 2007 *NYSE* buys *Euronext/LIFFE* and becomes



In 2013 *ICE* buys *NYSE Euronext* and becomes



In 2014 *ICE* spins off *Euronext* and becomes



TWO SEPARATE EXCHANGES!  
and



# ABOUT EURONEXT

## Euronext is a major actor in European agricultural futures markets

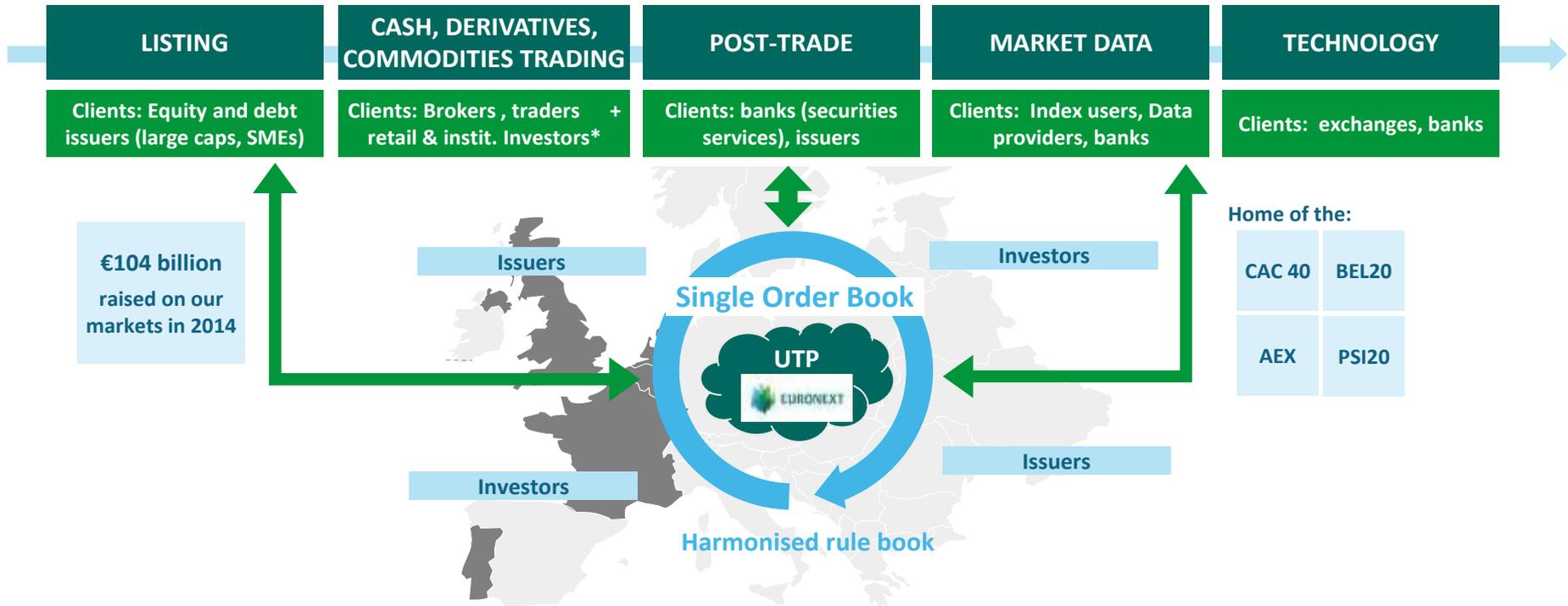
- Euronext is the first **pan-European exchange**, spanning Belgium, France, the Netherlands, Portugal and the UK.
- As a market place our first mission is **financing the real economy**. We aim at offering companies financing solutions, ensuring security and transparency of operations and transactions.
- After a series of mergers and acquisitions, including becoming part of ICE – famous worldwide for the Brent contract – Euronext is once again independent. It re-listed as a public company in 2014.
- Euronext is well known in the commodities world for its two flagship contracts, milling wheat and rapeseed.



# THE ONLY PAN-EUROPEAN EXCHANGE FOR THE REAL ECONOMY...



AMSTERDAM | BRUSSELS | LISBON | LONDON | PARIS  
 Belfast | Chicago | Hong Kong | Porto



... ON A SINGLE ORDER BOOK, WITH A COMMON TECHNOLOGY AND A HARMONISED RULE BOOK

\* Indirect users

# TRADING, CLEARING AND SETTLEMENT

Trading



Paris



Amsterdam



Brussels



Lisbon



London



- One single order book<sup>1</sup>
- Harmonised regulatory framework
- Common technology: UTP – single trading platform for Euronext Cash and Euronext Derivatives

Clearing



**LCH Clearnet SA:** One clearing house for Euronext's regulated markets on the continent

Settlement



**Euroclear:** ESES platform for France, Belgium and Netherlands



**Interbolsa:** for transactions on the Portuguese market (fully owned by Euronext NV)

*Note: SmartPool MTF is cleared through EuroCCP and settled through relevant CSDs*

<sup>1</sup> with the exception of Lisbon

# Commodity derivatives

# Euronext Commodities - Consistent Growth

## Significant year-on-year growth fuelled by:

1. Market liberalisation coupled with increasing commodity price volatility
2. Global & European benchmark status for key products
3. Expansion of customer base to new market participants
4. Continued evolution of contract design to meet changing market demands
5. Growth in agricultural products, particularly Milling Wheat
6. Expand the commodity franchise with new products



# EURONEXT COMMODITY DERIVATIVES: KEY FEATURES

- Our agricultural commodity derivatives are the **global price benchmarks** for the European underlying physical markets
- Provide opportunities to **hedge price exposure** to a wide range of internationally-relevant products
- Liquid and fast-growing contracts allow **effective asset diversification**: record-breaking volume and open interest growth in the past two years
- **Diverse customer base** led by commercial hedgers as well as funds, proprietary traders and investment banks
- Key contracts included in **major commodity indices** – Rogers International Commodity Index<sup>®</sup> and S&P World Commodity Index<sup>™</sup>
- Opportunities for **cross-market arbitrage** (relative value) trading



# Euronext Commodity Metrics

# Commodity Franchise Evolution

Year 2015 showed a total increase across the portfolio of +9% year on year, with over 14.2 million contracts traded. The total open interest remained stable at more than 728 000 lots in Open interests with + 1% YoY.

+11% for Futures contracts

Rapeseed +21 %

Corn +19 %

Milling Wheat +8 %

+1 % for options contracts

Rapeseed options+89 %

Corn Options +13 %

Milling Wheat Options -7 %



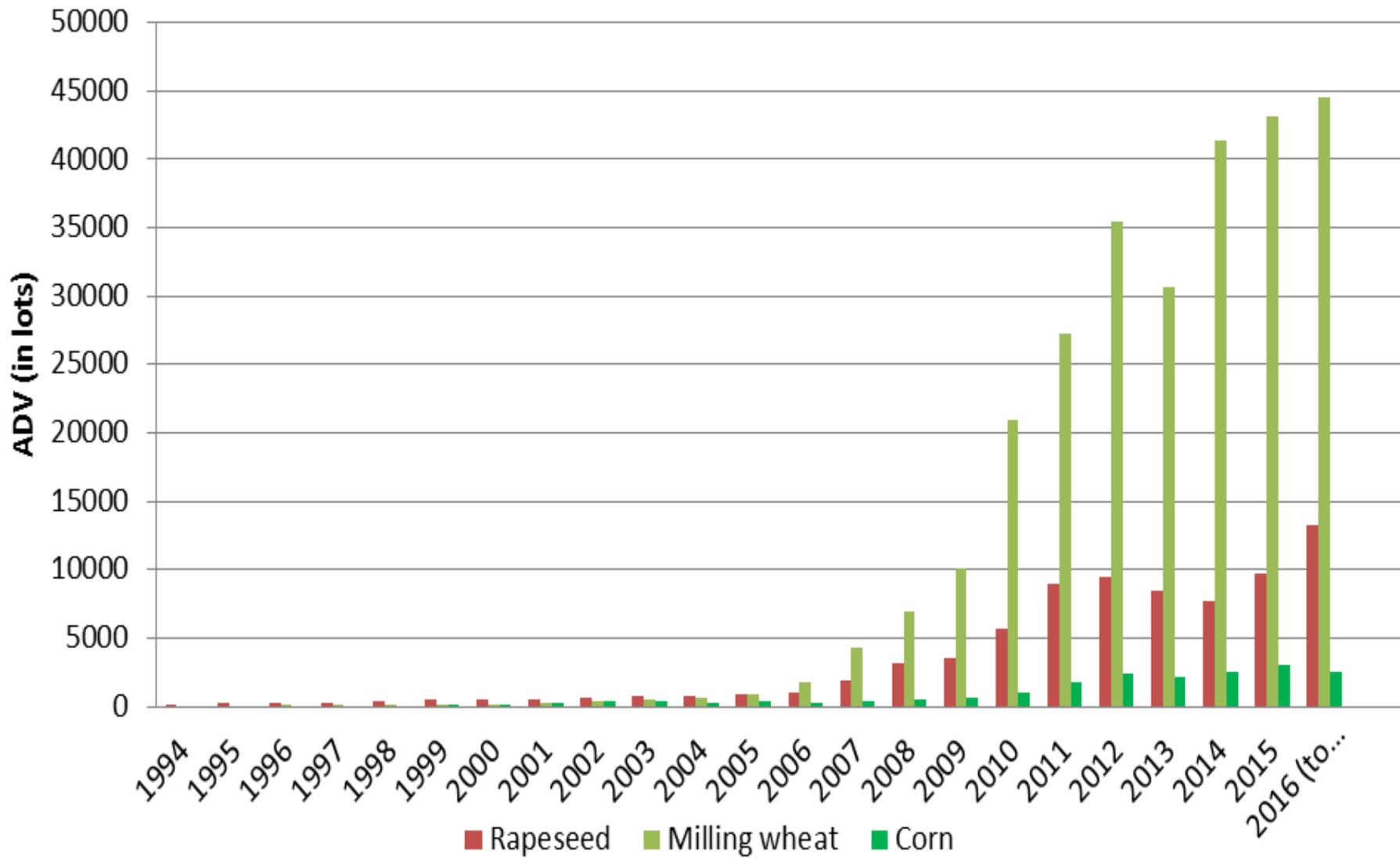
# Commodity volumes in 2015

Name	Option/ Future	Code	Total Volume	Open Interest ( 31/12/2015)
Number of trading days			256	
<b>COMMODITY PRODUCTS</b>			<b>14 295 804</b>	<b>728 580</b>
<b>AGRICULTURAL Futures</b>			<b>11 909 878</b>	<b>377 031</b>
<b>CORN</b>	Future	EMA	<b>670 938</b>	<b>26 232</b>
<b>MALTING BARLEY</b>	Future	EOB	<b>0</b>	<b>0</b>
<b>MILLING WHEAT</b>	Future	EBM	<b>9 073 162</b>	<b>269 534</b>
<b>PREMIUM MILLING WHEAT NO 3</b>	Future	BMS	<b>3040</b>	<b>0</b>
<b>RAPESEED</b>	Future	ECO	<b>2 143 032</b>	<b>80 182</b>
<b>RAPESEED MEAL</b>	Future	RSM	<b>19 171</b>	<b>1 082</b>
<b>RAPESEED OIL</b>	Future	RSO	<b>497</b>	<b>0</b>
<b>SKIMMED MILK POWDER</b>	Future	SMP	<b>38</b>	<b>1</b>
<b>AGRICULTURAL Options</b>			<b>2 385 926</b>	<b>351 549</b>
<b>CORN</b>	Option	OMA	<b>92 099</b>	<b>15 566</b>
<b>MALTING BARLEY</b>	Option	OOB	<b>0</b>	<b>0</b>
<b>MILLING WHEAT</b>	Option	OBM	<b>1 961 639</b>	<b>234 171</b>
<b>RAPESEED</b>	Option	OCO	<b>331 888</b>	<b>101 812</b>
<b>RAPESEED MEAL</b>	Option	OSM	<b>0</b>	<b>0</b>
<b>RAPESEED OIL</b>	Option	OSO	<b>0</b>	<b>0</b>

# Commodity volumes in 2016

Detailed Commodity Derivatives Report				10 March 2016			
				Open Interest			
Y on Y / M on M figure comparisons based on current year / month no. of Trading Days.		YTD 16	YTD Prev month prev year	vs 15		Current Day Current Yr	vs 15
European Trading days		49					
Commodity Products		64 655	50 515	28%		824 107	21%
Futures		54 974	42 383	30%		398 314	20%
Milling Wheat*		44 022	33 218	33%		308 422	28%
Premium Milling Wheat*		0	6	-		0	-
Rapeseed		8 444	6 375	32%		62 448	3%
Corn		2 441	2 764	-12%		26 548	-14%
Malting Barley		0	0	-		0	-
Rapeseed Oil		0	2	-		0	-
Rapeseed Meal		68	19	264%		896	176%
Skimmed Milk Powder		0	0	-		0	-
Unsalted Lactic Butter		0	0	-		0	-
Sweet Whey Food Grade Powder		0	0	-		0	-
Residential Wood Pellets Future		0		-		0	-
Options		9 681	8 131	19%		425 793	22%
Milling Wheat	100%	8 175	7 131	15%		318 186	14%
Premium Milling Wheat	0%	0	3	-		0	-
Rapeseed		1 220	636	92%		89 720	107%
Corn		285	362	-21%		17 887	-36%
Malting Barley		0	0	-		0	-
Rapeseed Oil		0	0	-		0	-
Rapeseed Meal		0	0	-		0	-

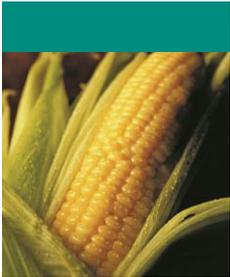




# EURONEXT COMMODITY DERIVATIVES

## Product range

Milling Wheat | Dairy | Corn | Rapeseed | Rapeseed Meal | Rapeseed Oil



| Wood Pellets |



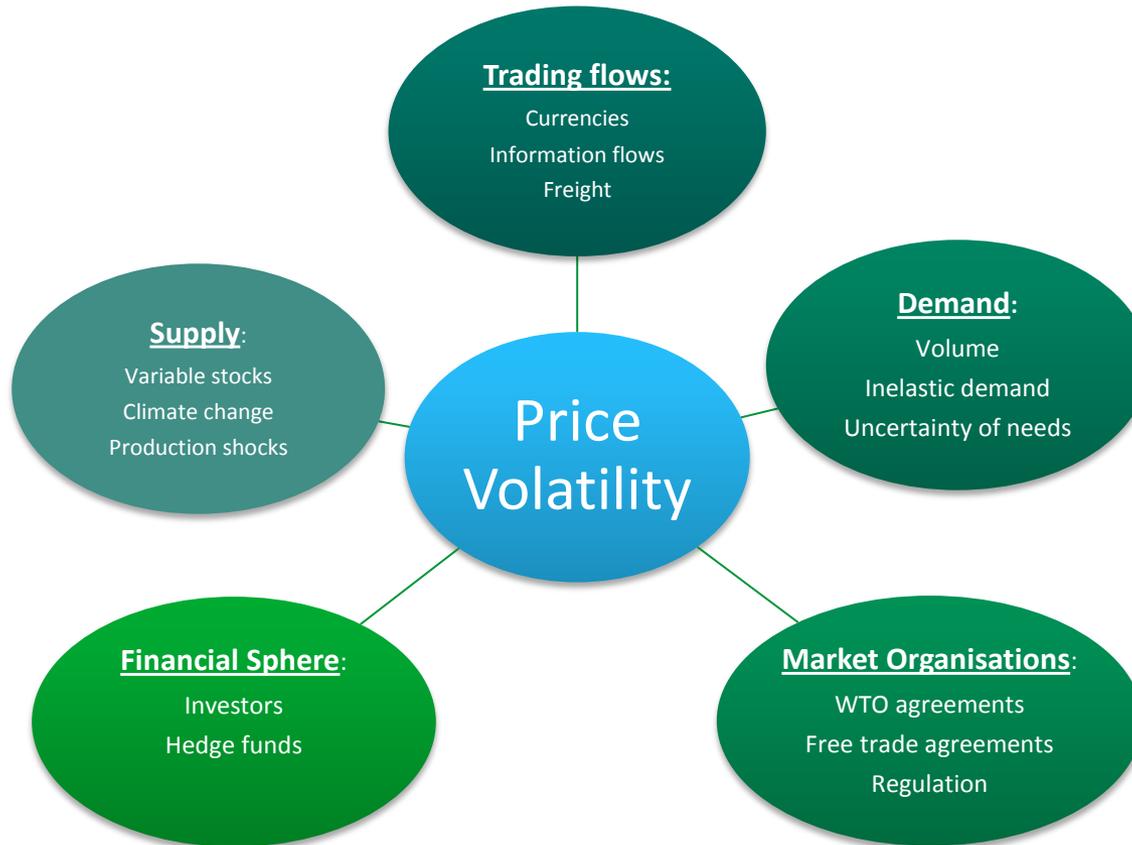
# VOLATILITY AND RISK MANAGEMENT: WHY

## Commodities experience volatility in prices

- Volatility is a measure of price instability, either higher or lower, and constitutes a price risk to buyers and sellers.
- Volatility creates the need for tools that allow users of commodities to protect themselves from price movements and reduce uncertainty.
- Futures contracts, a type of standardized contract between two parties to buy or to sell an underlying asset at a specified future time at a price agreed upon today, are such a tool.



# SOURCES OF VOLATILITY



# VOLATILITY AND PRICE RISK

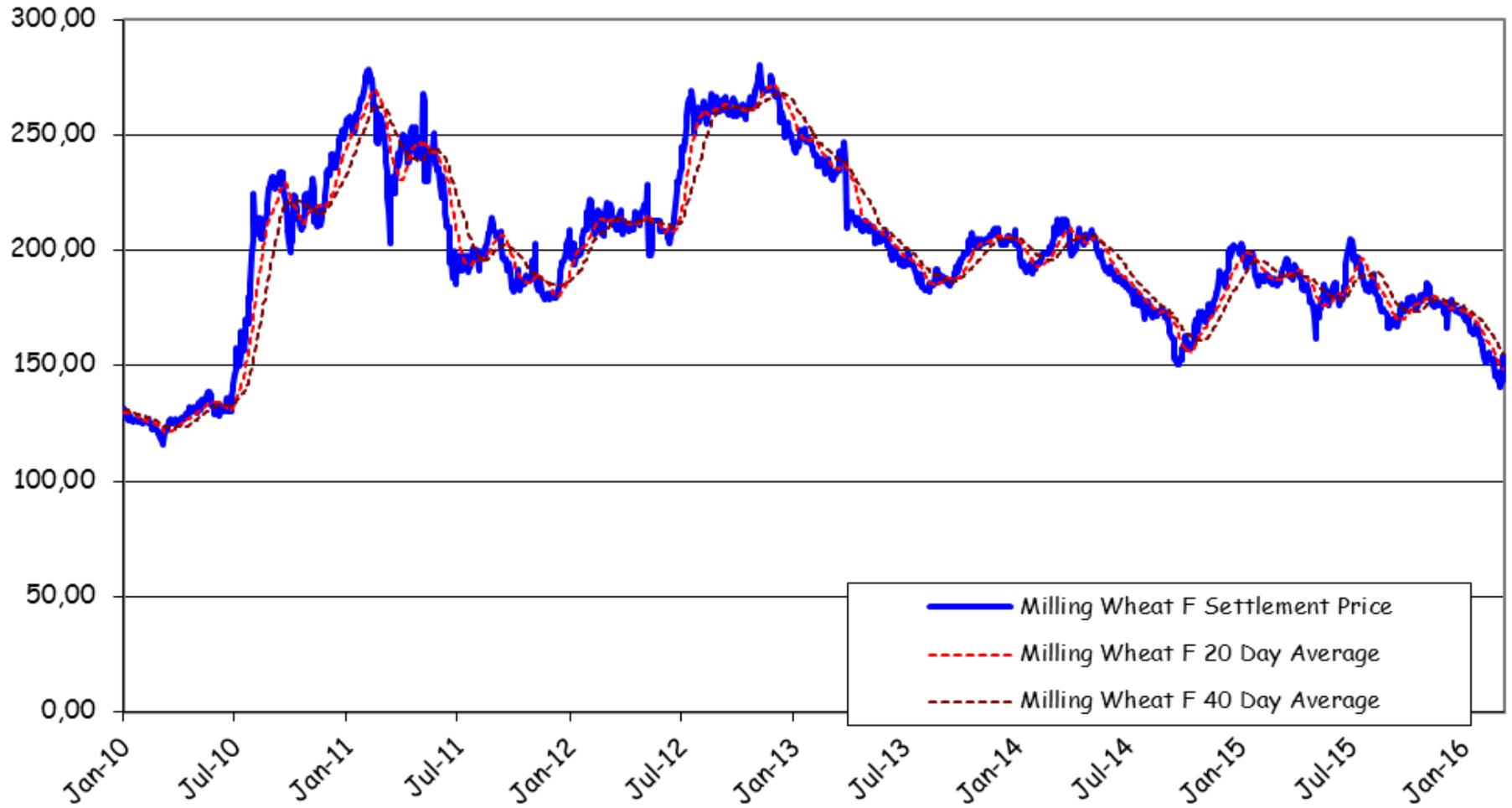
## Price volatility creates risk for buyers and sellers alike

- Had a producer known the selling price of a commodity, they may have taken a different decision in terms of quantity and quality of their produce, including levels of investment.
  - If prices fall their margin can shrink and even turn negative and jeopardise their company.
- Had an intermediary known the buying price of pellets in advance, they may also have taken a different decision in terms of quantity: perhaps a decision not to buy or to buy more.
  - If prices rise their margin can shrink and even turn negative and jeopardise their company.



# Euronext PARIS - MILLING WHEAT FUTURE: SETTLEMENT PRICE € - 1st

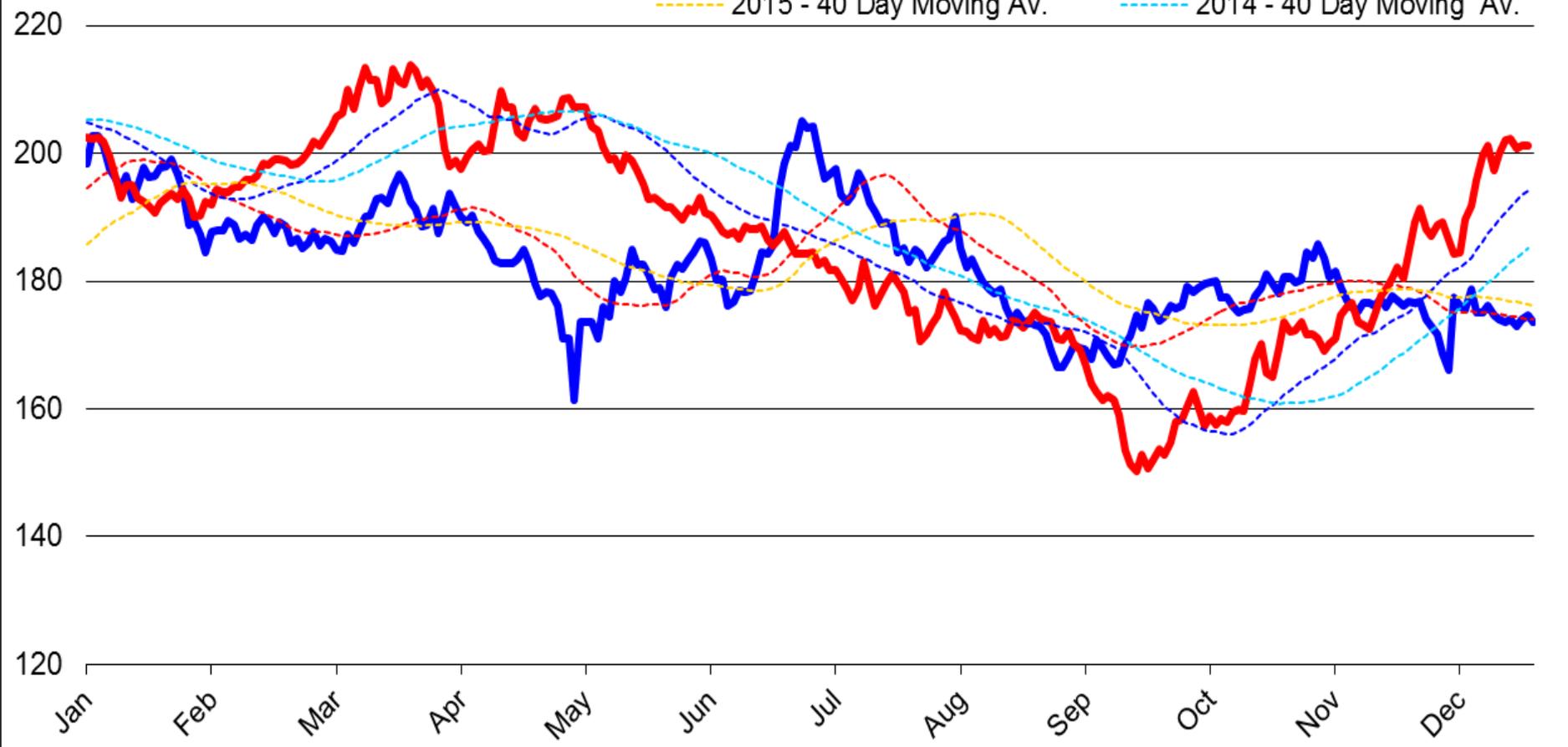
Position



Global Analytics

**PARIS - MILLING WHEAT:  
SETTLEMENT PRICE € - 1st Position**

- 2015
- - - 2015 - 20 Day Moving Av.
- - - 2014 - 20 Day Moving Av.
- - - 2015 - 40 Day Moving Av.
- - - 2014 - 40 Day Moving Av.



Global Analytics





# HEDGING USING DERIVATIVES: HOW

- Hedgers aim to protect themselves from adverse price movements
  - This is usually achieved by taking an opposite position in the futures market to their position in the physical market
  - Hence, any loss in the physical market will be offset by a profit in the futures market and vice versa
- Hedging enables market users to “lock-in” a price many months in advance of making or taking delivery of the physical commodity
- Futures are primarily used as a financial instrument i.e. futures positions will be “closed out” prior to the point of expiry
  - Physical delivery normally takes place through usual physical market channels – the futures market is the “delivery market of last resort”
  - This also means that futures in one commodity can be used to hedge other but similar products with related or linked pricing movements

# MILLING WHEAT FUTURES

Also known as:

**Paris Wheat, European Wheat, MATIF Wheat**

## Supply and demand:

- Seasonal: European **harvest in July and August**
- Main producers: France, Germany & UK. Europe is an exporter. New operators on the market coming from Eastern Europe and North Africa
- EU production around 150 MT i.e. 20% of world production (734 MT in 15/16).
- Main uses: milling, starch, & food industry

## Market: 2,150,000 Tons traded every day

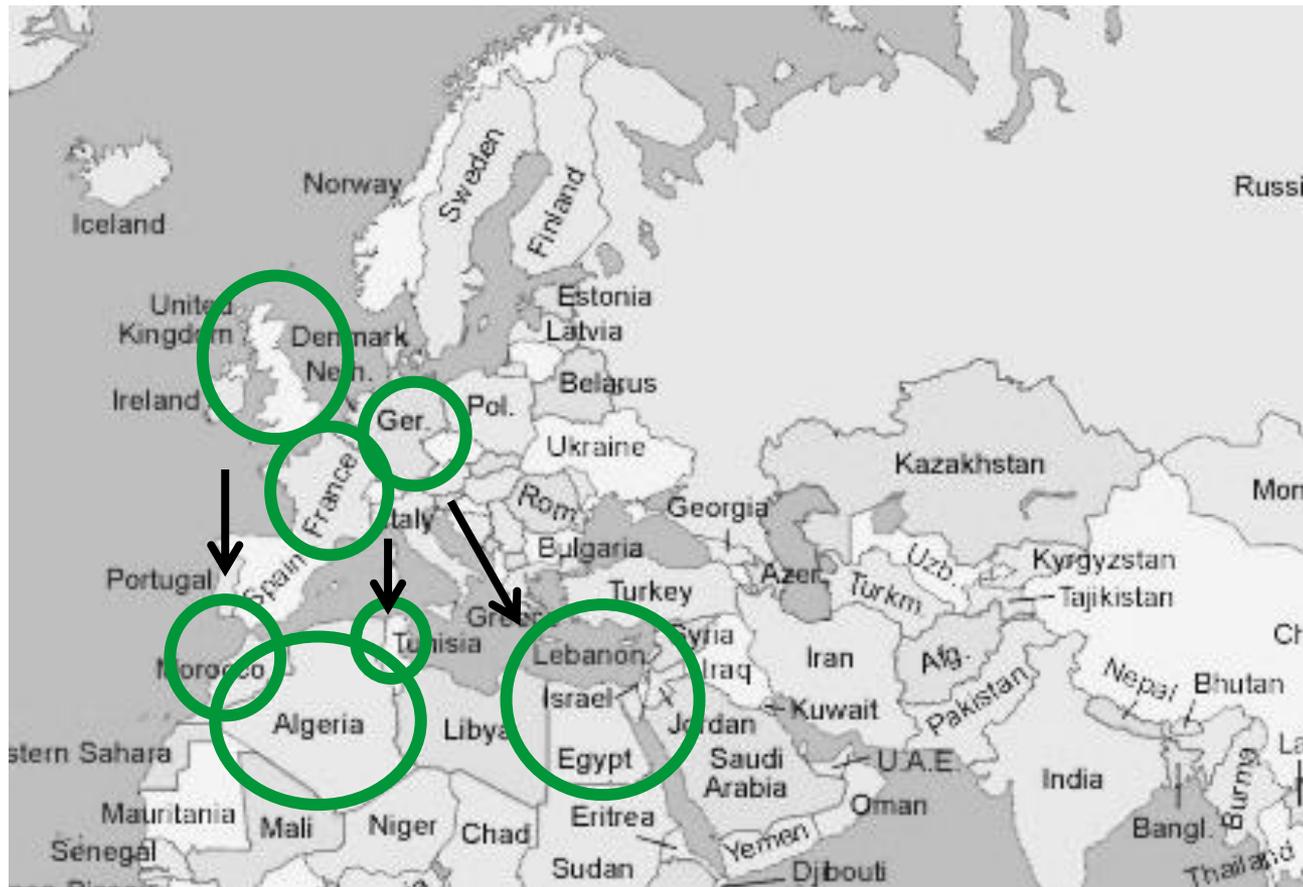
- 2015 : ~ 43,000 ADV
- Futures ADV is ~ 36,000 lots. Options ADV is ~ 7,000.
- Futures Milling Wheat ADV is +8% vs 2014.
- Options Milling Wheat ADV is -7% vs 2014.



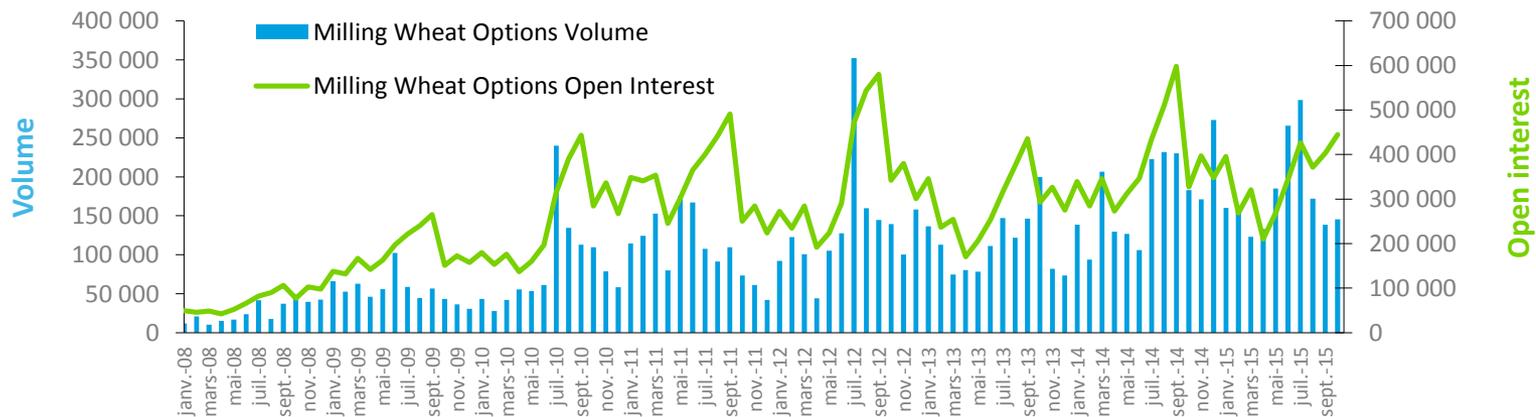
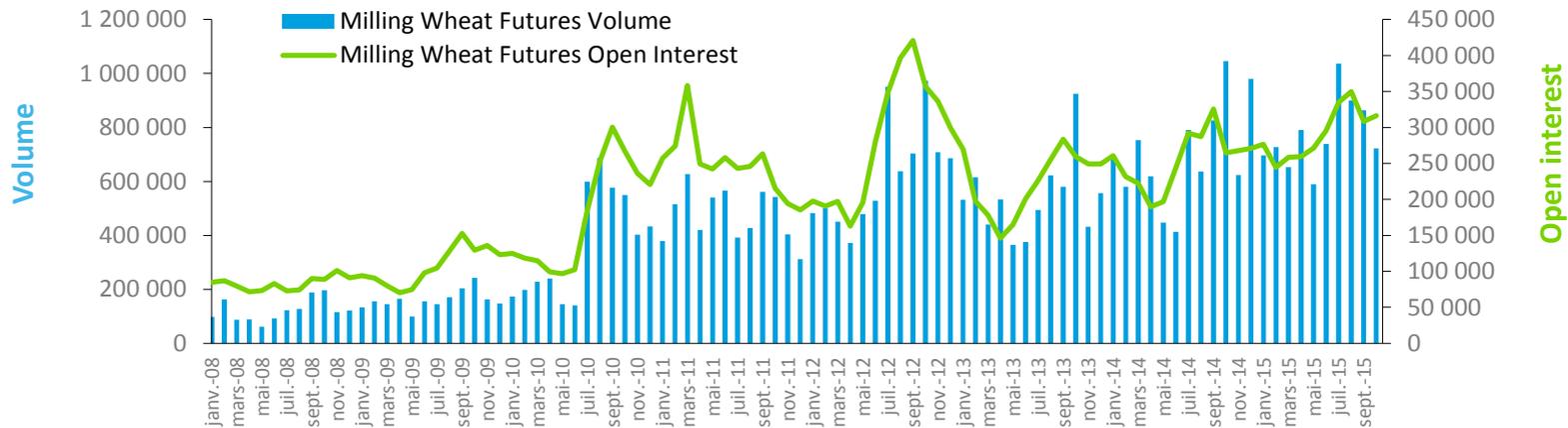
(1 lot = 50 Metric Tons)

# MILLING WHEAT | CROP

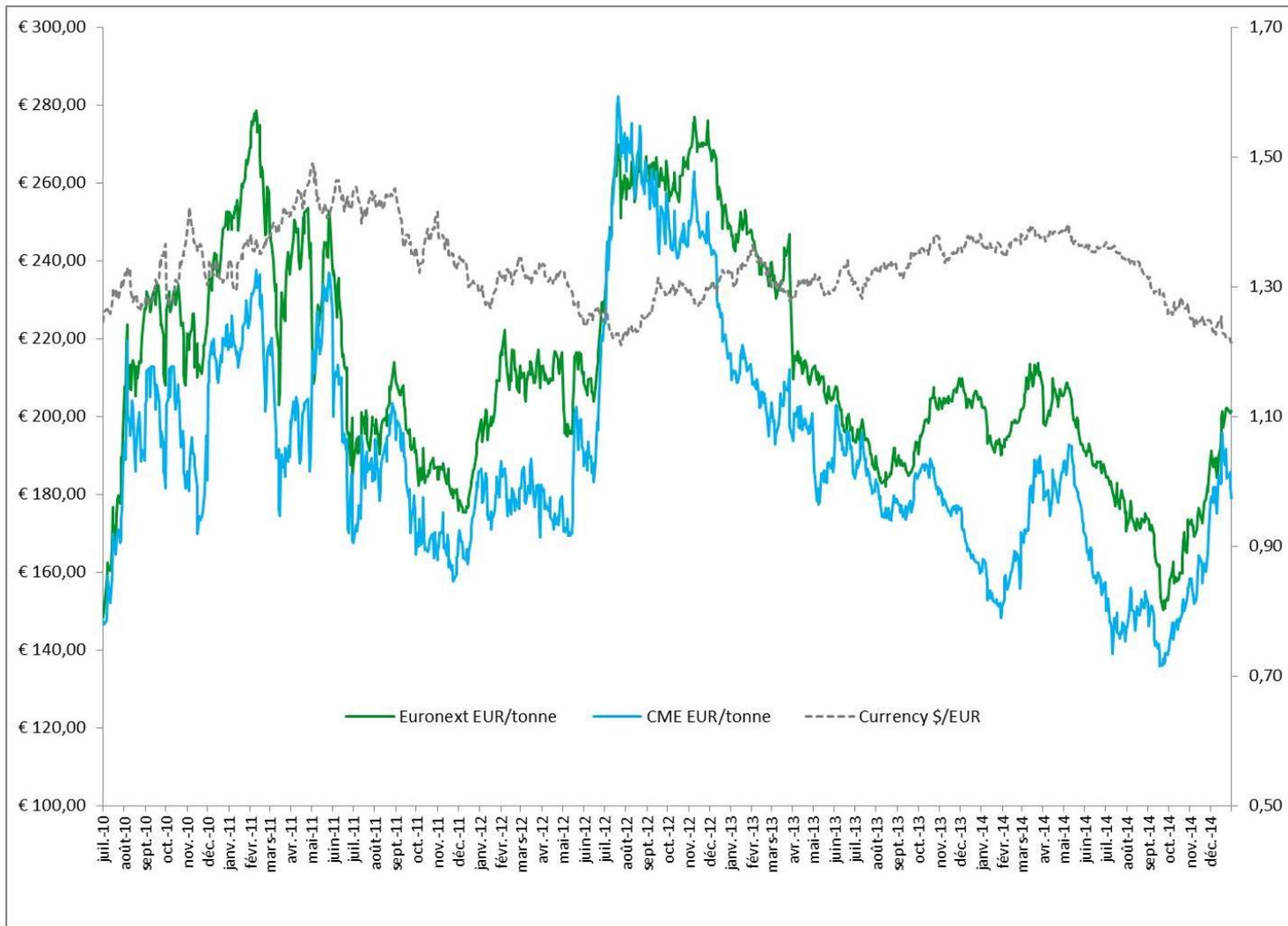
Main producers and importers



# MILLING WHEAT | VOLUME AND OI



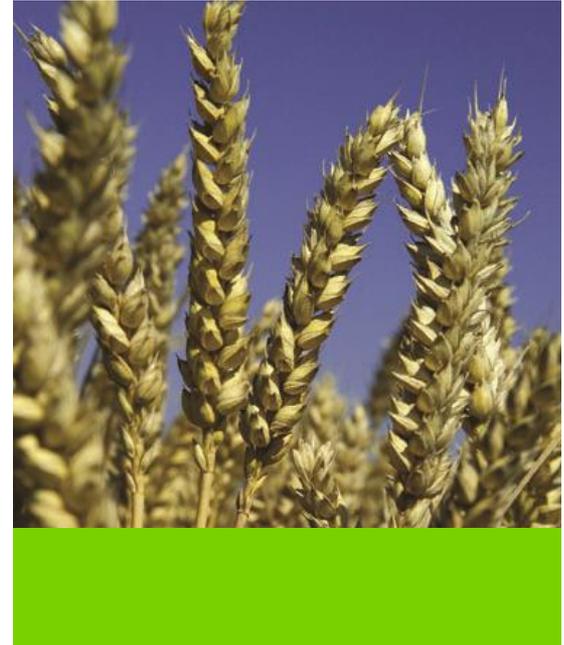
# US WHEAT vs EUROPEAN WHEAT



# MILLING WHEAT CONTRACTS : UPDATE

## Rationale and background

- Euronext consulted the market in the Autumn of 2014 following the poor quality crop of 2014.
- Introduction in France of the new classification of French wheat agreed by the inter-branch organisations and applicable from July 2015
- Response was overwhelmingly in favour of increasing the quality basis of the contract to be better aligned with the requirements of the European export criteria.
- Legally the contract specifications of a Euronext commodity contract can only be modified for contracts with positive OI for maturities further than 2 years out, so additional specifications will be implemented on MW V2 as of the Sep 2017 delivery Month
- Following market demand to have these in place earlier, the decision was taken to launch a new instrument as of Sep 2015 with the added criteria:
  - **Minimum 11% dry matter protein content**
  - **Minimum 220 seconds Hagberg Falling Number**
  - **76 kilos per hectolitre Specific weight**



# MILLING WHEAT | CONTRACT SPECIFICATIONS

Unit of Trading	<b>Fifty tons</b>
Origins tenderable	Milling Wheat from any EU origin
Quality upgrade	<ul style="list-style-type: none"> <li>■ Protein content: minimum 11% dry matter</li> <li>■ Hagberg Falling Number: minimum 220 seconds</li> <li>■ Specific weight: minimum 76 kilos per hectolitre</li> </ul>
Delivery Months	September, December, March and May from September, such that twelve delivery months are available for trading
Price Basis	Euro and Euro cents per tonne in an approved public silo in Rouen and Dunkirk, France
Min Price Movement (Tick Value)	25 euro cents per tonne (€12.50)
Last Trading Day	18.30 on the tenth calendar day of the delivery month
Notice Day	The first business day following the last trading day
Delivery Period	Any business day from the last trading day to the end of the specified delivery month
Trading Hours	10.45-18.30 (Paris time); 3.45am – 11.30am (Chicago Time). Settlement period: last 10 minutes of trading
Algorithm	Price-time trading algorithm, with priority given to the first order at the best price



# RAPSEED FUTURES

## Supply and demand:

- Seasonality: European rapeseed crop main harvest in July/August
- Rapeseed is a mustard crop grown primarily for its seed
- Rapeseed is crushed into meal and oil. Oil is used in food and industrial oils (biodiesel), meal in animal feed.
- Main European producers are Germany, France, Poland, UK. Worldwide the biggest exporters are Canada, France, Ukraine. Japan, Germany and Mexico are among biggest importers

## Futures market:

- 2015 : Futures ADV 8,500 lots. Options ADV is 1,300 lots.
- Rapeseed futures ADV +67% over the last 5 years



# RAPSEED | CONTRACT SPECIFICATIONS

Unit of Trading	<b>Fifty tons</b>
Origins tenderable	Any origin
Quality	Conventional rapeseed of double zero variety, of sound, fair and merchantable quality and of the following standard quality of Oil content basis 40%, Moisture basis 9% and Impurities basis 2%
Delivery Months	February, May, August, November such that ten delivery months are available for trading
Price Basis	Euro and euro cents per tonne FOB barge at one of the following designated ports: Belleville, Metz and Frouard (France) on the Moselle; Bulstringen, Vahldorf and Magdeburg (Germany) on the Mittellandkanal; Wurzburg (Germany) on the Main; and Ghent (Belgium) on the Escaut
Min Price Movement (Tick Value)	25 euro cents per tonne (€12.50)
Last Trading Day	18:30 on the fifth calendar day of the delivery month (if not a business day, then the following business day)
Notice Day	The first business day following the last trading day
Delivery Period	The specified delivery month
Trading Hours	10.45-18.30 (Paris time), 3.45am – 11.30 (Chicago time) Settlement period: last 10 minutes of trading
Algorithm	Price-time trading algorithm, with priority given to the first order at the best price



# CORN FUTURES

## Supply and demand:

- Seasonality: European corn crop harvest is mid-August through late October.
- World production of corn is 806 million tonnes. EU grows 8% of world's corn. EU typically self-sufficient but have moved to importing from South America.
- 2 major areas of production - West: France and Italy. East: Hungary and Romania.
- Corn is one of the globe's most widely used food staples.
- Main uses: starch, food, animal feed, ethanol

## Futures market:

- 2015 : Futures + Options ADV is 3,000 lots.
- Corn Futures ADV +28% vs 2014



# CORN FUTURES | CONTRACT SPECIFICATIONS

UNIT OF TRADING	<b>FIFTY TONNES</b>
Origins tenderable	Corn from any EU origin
Quality	Yellow and/or red corn, sound, fair and quality of the following standard Moisture: basis 15%, max 15.5% Broken grains: basis 4%, max 10% Sprouted grains: basis 2.5%, max 6% Grain admixture: basis 4%, max 5% Other impurities: basis 1%, max 3%
Delivery Months	January, March, June, August and November such that ten delivery months are available for trading
Price Basis	Euro and euro cents per tonne, in an approved silo on Atlantic
Min Price Movement (Tick Value)	25 euro cents per tonne (€12.50)
Last Trading Day	18:30 on the fifth calendar day of the delivery month (if not a business day, then the following business day)
Notice Day	The first business day following the last trading day
Delivery Period	The specified delivery month
Trading Hours	10.45-18.30 (Paris time). 3.45am – 11.30am (Chicago Time) Settlement period: last 10 minutes of trading
Algorithm	Price-time trading algorithm, with priority given to the first order at the best price

# PRODUCTS : NEW INITIATIVES

# RAPeseed COMPLEX | SEEDS | MEAL | OIL |

## Supply and demand:

- Growing supply & demand and high price volatility led to launch of Rapeseed Meal and Oil
- Lack of effective hedging tools in Europe allows opportunity for users to hedge crushing margin
- Offer to the animal feed sector a risk management solution for their exposure
- Offer to the energy sector & European oil players a risk management solution for their bio-diesel exposure

## Futures and Options market:

- Strong industry support and a large rapeseed user base and broker community to help build liquidity.



## RISK MANAGEMENT STRATEGIES

### *Strategies to adopt by market participants?*



#### - → *Hedging your price Risk*

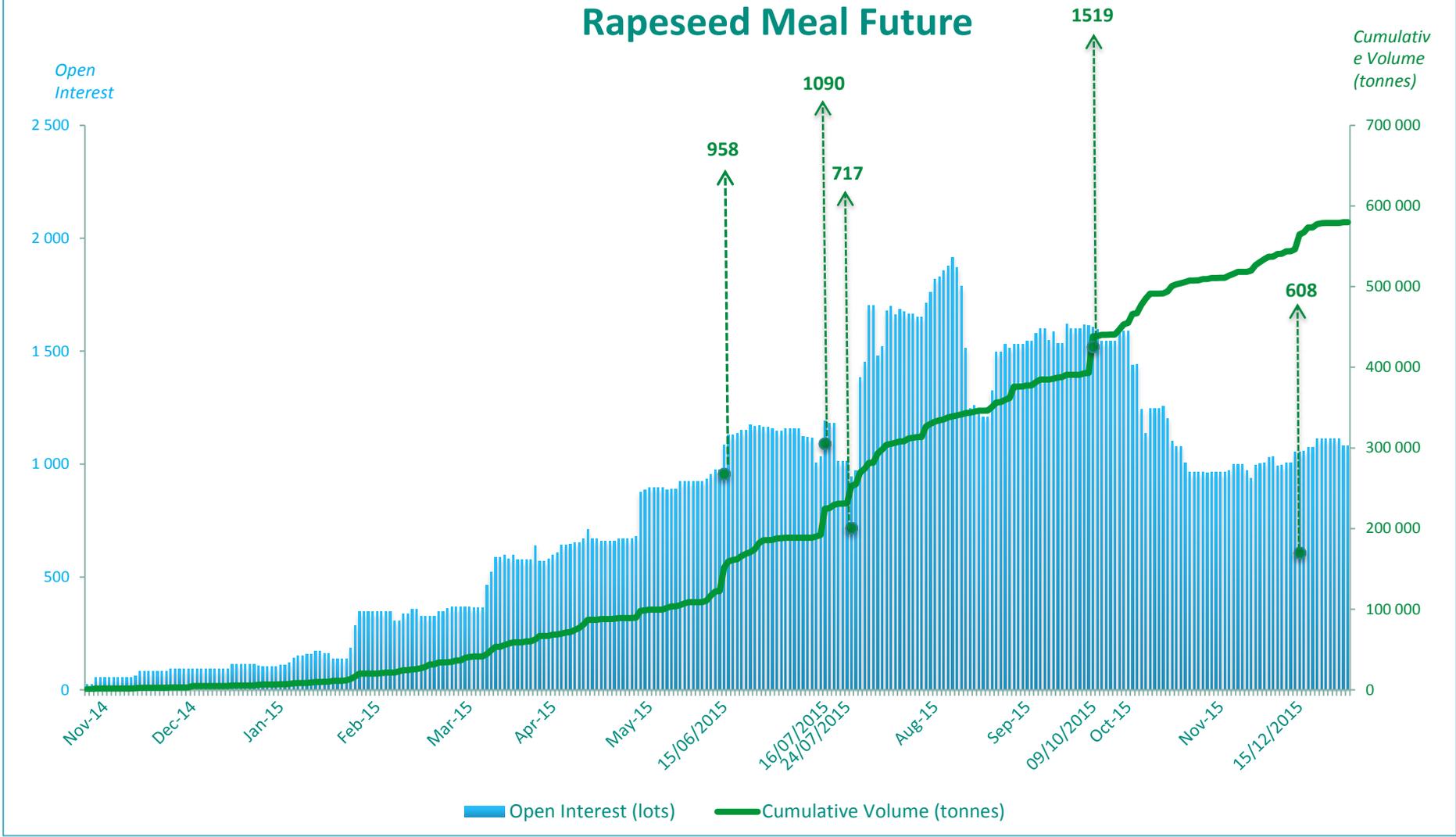
- Physical markets
- Forward Markets
- OTC swaps
- Futures and Options

#### - → **Rapeseed Derivatives Complex**

- the limited effectiveness of the alternative proxy hedging tools
- imperfect correlations to EU oilseeds market
- lack of effective hedging instruments for rapeseed meal (animal feed) and rapeseed oil (food, feed and industrial use).
- a response to the demand to hedge the “crushing margin” for agricultural physical users, but equally important, to offer oil actors, a hedging solution for their European bio-diesel exposure



# Rapeseed Meal Future



Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
3	5	8	25	44	56	28	125	139	98	68	156	50	91

# RAPSEED | MEAL CONTRACT SPECIFICATIONS

UNIT OF TRADING	<b>THIRTY TONNES</b>
Origins tenderable	Any Origin
Quality	Rapeseed extraction meal from non GM, double zero rapeseed varieties as per EU regulations with sound, fair and merchantable quality, and having the following specifications: - protein and fat combined content 34.5% - water content basis 12.5% and maximum 13%
Delivery Months	September, December, March and June such that ten delivery months are available
Price Basis	Euro and euro cents per tonne FOB barge at one of the following designated ports: Antwerp and Ghent in Belgium, Neuss, Spyck, Mainz and Mannheim in Germany, Rotterdam in The Netherlands.
Min Price Movement (Tick Value)	25 euro cents per tonne (€7.50)
Last Trading Day	The last day of the month preceding the delivery month. If it is a non-working day, the first trading day prior to this day.
Notice Day	The first business day following the last trading day
Delivery Period	Loading can commence on any business day from the tender day up to five business days before the end of the specified delivery month
Trading Hours	10.45-18.30 (Paris time); 3.45am – 11.30am (Chicago Time). Settlement period: last 10 minutes of trading
Algorithm	Price-time trading algorithm, with priority given to the first order at the best price



# RAPSEED | OIL CONTRACT SPECIFICATIONS

Unit of Trading	<b>TWENTY tonnes</b>
Origins tenderable	Any Origin
Quality	Crude degummed rapeseed oil of good merchantable quality, guaranteed unbleached, produced from non-GM double zero rapeseed varieties as per EU regulations of sound, loyal and merchantable quality, all duties and taxes paid, and meeting the following specifications: - f.f.a (as oleic acid, calculated on a molecular weight of 282) maximum 1.75% - Moisture, volatile matter and impurities maximum 0.4% Erucic acid maximum 2% - Flashpoint minimum 250°F (121°C) - Lecithin (expressed in phosphorus): maximum 300 ppm
Delivery Months	September, December, March and June such that ten delivery months are available
Price Basis	Euros and euro cents per tonne FOB barge or sea vessel at one of the following designated ports: Amsterdam, Rotterdam in The Netherlands, Antwerp and Ghent in Belgium.
Min Price Movement (Tick Value)	25 euro cents per tonne (€5)
Last Trading Day	The last day of the month preceding the delivery month. If it is a non-working day, the first trading day prior to this day.
Notice Day	The first business day following the last trading day
Delivery Period	Loading can commence on any business day from the tender day up to five business days before the end of the specified delivery month
Trading Hours	10.45-18.30 (Paris time); 3.45am – 11.30am (Chicago Time). Settlement period: last 10 minutes of trading
Algorithm	Price-time trading algorithm, with priority given to the first order at the best price



# COMMODITIES | KEY FACTS

## Euronext now offers the global trading community Rapeseed Meal and Rapeseed Oil

A dynamic franchise in comparison with our peers but fast growing and already established as an international benchmark.

**Sugar!** Euronext announced that it will be launching a new Sugar commodities futures contract in the autumn of 2016, subject to regulatory approval.

On 6 October 2015, a new record trading day in the Rapeseed grains Futures contract was established at 21,140 contracts. This record surpasses the previous one of 20,881 lots in October 2013.

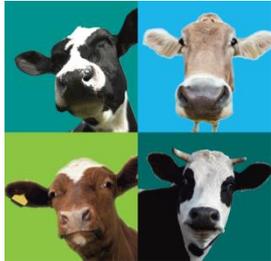
## Euronext launched new Dairy products suite in 2015

The complex will consist of F&O in butter, skimmed milk powder and whey powder (listed on Euronext Amsterdam).



# PRODUCTS INITIATIVES IN 2015

- Dairy Complex : launched of the dairy suite in Spring 2015 post -quotas



- Bio-mass: launched in November 2015



# DAIRY LAUNCH

Euronext launched its Dairy derivatives complex in spring 2015. The full suite of futures and options cover the three key dairy products currently traded in Europe and internationally: unsalted lactic butter; skimmed milk powder; and sweet whey food grade powder.

On 31 March 2015, milk quotas, originally initiated under the EU's Common Agricultural Policy, will expire leading to liberalization of production and potential increased volatility in the European dairy industry.

The European market is the world leader in dairy production and the second largest exporter of dairy products worldwide.

Global demand for milk is increasing whilst supply chains can be unpredictable.

New products will allow the European dairy community to hedge its exposure to price fluctuations in this volatile market. This new complex will allow the industry to better manage their risk in a transparent, secure, regulated and liquid market.



# NEW REGULATION

# LE CONTEXTE

- Les engagements du G-20 de Pittsburgh (septembre 2009) :  
« Améliorer la régulation, le fonctionnement et la transparence des marchés financiers et physiques de matière première afin de remédier à la volatilité excessive des prix des matières premières. »
- Conséquence en Europe : renforcement du cadre réglementaire financier en général et sur les marchés de dérivés sur matières premières, en particulier.
- « Patchwork des législations »: Il n'y a pas de corpus législatif propre aux dérivés sur matières premières. Ils sont traités dans différentes législations financières, en tant qu'instruments financiers à terme (ou dérivés financiers), parfois avec des dispositions qui leur sont spécifiques.



# COMPOSANTES DE LA RÉGLEMENTATION

## 1/ Règlements administratifs

- Européen
  - “Market abuse regulation” applicable en juillet 2016, site ESMA “Policy and rules>Market Abuse”
- Nationaux (AMF)
  - Règlement général de l’AMF, site AMF : “Réglementation>Règlement général>Livre VI”

## 2/ Règles de marché

- Euronext
  - Site Euronext : “Resources>Regulation>Euronext Regulated Markets”



# LA LOI BANCAIRE

**Certaines législations sont déjà entrées en vigueur (EMIR, Loi bancaire française); d'autres ne le seront que prochainement (MiFIR / MiFID 2, MAR/MAD 2).**

**La loi bancaire (enjeux, contexte) :**

**Anticipe en France la réglementation européenne abus de marché et MIF**

**Depuis le 1er juillet 2015, les personnes intervenant sur dérivés sur matières premières agricoles doivent respecter des obligations de déclaration et de limitation de leurs positions :**

**les dispositifs relatifs aux contrats dérivés sur matières premières agricoles**

- Déclaration des positions
- Limites de positions
- Rapport hebdomadaire des positions agrégées



# LA PUBLICATION AVEC MIFID 2

- Euronext, rôle de l'infrastructure de marché :  
Publication d'un rapport hebdomadaire  
(commitment of trader report=COT) sur les positions agrégées  
détenues par les différentes catégories de personnes.

Chaque catégorie ne sera diffusée que dans la mesure où il y a un nombre suffisant d'opérateurs pour la dite catégorie pour préserver l'anonymat des participants.

La finalisation du format du COT et ses modalités, ne sont pas encore définitives à ce stade. Les standards techniques de mise en œuvre (RTS niveau 2) en principe finalisés en juillet 2016.

Déclaration quotidienne du détail des positions détenues par chaque personne (membres ou participants et de leurs clients).

# COMMITMENT OF TRADER REPORTS

{Name of Trading Venue} {Trading Venue Identifier} {Date to which the Weekly Reports refers} {Date of publication} {Name of Commodity Derivative Contract, Emission Allowance or Derivative thereof} {Venue product code} {Report status}												
	Notion of the position quantity unit		Investment firms or credit institutions		Investment Funds		Other Financial Institutions		Commercial Undertakings		Operators with compliance obligations under directive 2003/87/EC	
			Long	Short	Long	Short	Long	Short	Long	Short	Long	Short
Number of positions		Risk Reducing directly related to commercial activities										
		Other										
		Total										
Changes since the previous report (+/-)		Risk Reducing directly related to commercial activities										
		Other										
		Total										
Percentage of the total open interest		Risk Reducing directly related to commercial activities										
		Other										
		Total										
Number of Persons holding a position in each category			Combined		Combined		Combined		Combined		Combined	
		Total										



# CHALLENGES & CONCLUSION

**Euronext is a long-established and well-respected provider of Commodity futures and options Contracts.**

**Education – many operators know the mechanism but others are new to the futures markets**

**Education is key and the exchange will be working alongside its partners to develop understanding of futures as a pricing, trading and hedging mechanism**

**Liquidity – it takes time to build market open interest and liquidity and all players must remain committed to the market if it is to grow and succeed**

**A sound physical delivery basis – the Exchange and its customers must ensure that the futures markets reflect physical market practice and that there is a credible and supportive arbitration service behind the Contracts**

**Free market conditions with clear regulation – futures markets thrive in free market conditions that are absent from artificial price intervention**



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# Merci!

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# COMMODITIES

