

Minutes of Meeting on 20 Sept 2023

GDT Events Oversight Board Meeting



Members in Attendance

Thomas Carstensen (Meeting Chair) (Arla Foods AMBA), Ferdinand Lacanlale (alternate for Bruno Spire, Nestrade), Nick Morris (representing SGX Limited), Mike McIntyre (Jarden Securities Limited), Bruce Turner (Fonterra Co-operative Group Limited), Andrew Sullivan (alternate for Patricia Smith, DairyAmerica Inc), Jessica Lee Hiu Sun (Zhongshan Right On Trading CO. LTD)

Operational Attendees

Eric Hansen (Market Administrator, GlobalDairyTrade Holdings Limited)
Justin Matijasevich (Global Dairy Trade) for item 2b
David McGowan (Fonterra) for item 2b
Previn Vasar (Fonterra) for item 2b

Note: Under Clause 4.4 of the GDT Events Oversight Board Charter, GDT and CRA are not formal members of the Oversight Board. They are present to provide specific comment or information regarding their respective functions and roles in respect of the auction platform.

Secretary

Eric Hansen (GDT)

Meeting opened at 8:07am Singapore

In the absence of an independent chair, the Members unanimously elected Thomas Carstensen to chair the meeting.

Chairman Thomas Carstensen opened the meeting by welcoming Ferdinand Lacanlale as alternate for Bruno Spire and Justin Matijasevich, David McGowan and Previn Vasar as observers.

Apologies and Agenda

Apologies were received in advance from Rushikesh Ved (Majan Food Industries LLC) and subsequently from Liam Fenton (StoneX Group Inc.) who experienced timing issues.

The agenda was re-ordered by bringing the item 2b on remarketing to the top of the agenda.

The chair also referred members to the meeting protocols provided with the Agenda regarding the GDT Guiding Principles and summary of anti-trust obligations.

Contract Remarketing (Item 2b)

Eric Hansen introduced the topic and noted that no paper was provided. Justin Matijasevich and David McGowan commented that key objectives include providing additional value to buyers through procurement flexibility, reducing the inefficiency of pricing differentials across regions, stimulating dairy derivatives liquidity, and streamlining the process that sellers go through when a buyer exits a contract.

A key hurdle is how to manage the credit positions as trades take place. Previn Vasar showed on screen a possible multi-step approach utilising Trade at Settlement (TAS) principles whereby reselling of a contract would be over a separate platform at basis to the futures price.

Members discussed this approach and considered the possible positive and negative effects on dairy derivative trading volume. Members also noted impediments due to some GDT buyers not participating on the futures market and the risk of the realised product delivery date being different to the specification required by the resold contract. It was agreed that further consideration is required to determine the feasibility and best approach to remarketing.

David McGowan and Previn Vasar left the meeting.

Seller Participation Rules (Item 2a)

Eric Hansen introduced the paper, which was taken as read, and the Members briefly discussed it section by section.

A Member commented that it would be helpful if the pre-event data submission period could be reduced, particularly for the setting of starting prices to enable movements in market prices to be taken into account. Eric Hansen confirmed that this would be reviewed in late 2024 once existing development work has been completed.

Resolved:

- APPROVED that the following proposed rule changes be published for public consultation:
 - Removal of the 5,000 MT minimum volume requirement, as detailed in paragraph 37 of the paper,
 - Inclusion of a substitute requirement for a prospective new seller to demonstrate that it has sufficient supply available and intends offer on a regular basis during its first 12 months of participation, also detailed in paragraph 37 of the paper,
 - Creation of a new Inactive Participant status, as detailed in paragraph 42 of the paper,
 - An amendment to clarify that the Contract Periods available to participants may differ across participant categories, as detailed in paragraph 47 of the paper,
 - Addition of a new rule enabling quantities to be specified in units other than MT, as detailed in paragraph 50 of the paper,
 - An amendment to clarify that sellers need to notify GDT whenever they intend to either cease or restart offering volume on a product, as detailed in paragraph 53 of the paper,
 - An amendment to clarify for the avoidance of doubt that GDT has responsibility for determining the policy, method and inputs for calculating any published price indices, as detailed in paragraph 56 of the paper.

CEO Report (Item 3a)

Resolved:

- NOTED the contents of the CEO Report.

Operations Report (Item 3b)

Resolved:

- NOTED GDT's judgement that GDT Events continues to provide a good basis for price outcomes to reflect the balancing of demand and supply conditions.

Compliance Report (Item 3c)

Resolved:

- NOTED that the Market Surveillance Report identifies no significant changes from the previous report in November 2022.
- NOTED the completed Conflicts of Interest statement by GDT and the delayed receipt of one COI statement from the Trading manager due to personnel leave.
- NOTED that the Anti-Trust Compliance Review did not identify any internal conduct, processes, or occurrences that would materially increase GDT's Commerce Act 1986 ("Commerce Act") competition law

risk profile.

General Business (Item 4)

The minutes of meeting held on 24 April 2023 were adopted as a true and correct record.

Members agreed that the next meeting be held in Chicago on Monday 29 April 2024.

Meeting concluded at 9:29am Singapore

Signed as True & Correct

Thomas Carstensen
Chairperson

16 October 2023