



A Subsidiary of Russian Railways Becomes a Deliveries Operator for Refined Products Traded on SPIMEX

The Russian Railways (RZD) and the Saint Petersburg International Mercantile Exchange (SPIMEX) has announced the launch of the commodity market infrastructure project for the sale of refined products delivered by rail under which a subsidiary of Russian Railways acts as a deliveries operator for such on-exchange trades. The project has been implemented with the support of the Federal Antimonopoly Service (FAS) of Russia and the Bank of Russia.

It was envisaged by the Cooperation Agreement signed between Russian Railways, SPIMEX and FAS Russia on 19 December 2019. The project made it possible within a new centralized system to track in real time the performance of the on-exchange trades: from the moment when commodities are delivered (handed over to the carrier) until they are received at the destination railway station. It also made possible to communicate orders and match numbers of on-exchange contracts with the numbers of rail tank cars used for delivery. Implementation of the scheme streamlines settlements and document flow while performing physically-settled contracts made in the SPIMEX Refined Products Section. New market infrastructure that includes a deliveries operator allows trading participants to gain significant advantages.

The technology of communication between the exchange and railway network implemented as part of the project is unparalleled both in Russia and abroad. The deliveries operator, that is the key element of the new system, is an entity that controls and tracks physical deliveries made under on-exchange contracts. Digital Logistics LLC, a subsidiary of Russian Railways accredited by the Bank of Russia, acts as the operator of the deliveries operator digital platform.

Interaction between the SPIMEX clearing system and information systems of Russian Railways via the deliveries operator makes it possible to convert the entire document flow associated with delivery of exchange-traded commodities delivered by rail into electronic format.

The first deal made as part of a pilot project in December 2021 became a test of the innovative technology and was used for fine-tuning all processes and communications. It is planned to scale up the project first to the trades made on the SPIMEX Refined Products Section and then to trades in all Commodities Sections of the Exchange where physical delivery is made by rail.

The Saint Petersburg International Mercantile Exchange (SPIMEX) is Russia's largest commodity exchange offering a wide range of products traded both in its Commodities Section (refined oil products, crude oil, natural gas, LPG, timber and construction materials, fertilizers) and in its Derivatives Section. The Exchange's key task is to operate a transparent, fair and efficient price formation mechanism for Russian commodities. SPIMEX was founded in 2008.