

# WOOL Q Market

## OPERATING PROCEDURES

### **What is WoolQ Market**

WoolQ Pty Ltd (ABN 99 630 468 192) is a part of the AWI Group operating as a subsidiary of Australian Wool Innovation Limited (ABN 12 095 165 558).

WoolQ is an online platform that aims to allow woolgrowers and industry participants to easily harness digital efficiencies across the wool-growing and selling cycle. Its goal is to facilitate digital communication and exchange to leverage new opportunities.

WoolQ Market is an e-commerce platform for the sale and purchase of wool via online auction or for immediate sale via the Bulletin Board.

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### **WoolQ Market Platform User Agreement**

Each user agrees that their access to, and use of, the WoolQ Market, data and related trading activities are governed by the WoolQ Market Platform User Agreement, which incorporates the WoolQ Terms of Use and the WoolQ Privacy Policy. The WoolQ Market Platform User Agreement can be found here: [www.woolq.com](http://www.woolq.com).

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### **WoolQ Market Registration Process**

Australian EDI registered brokers and buyers can buy and sell wool on the WoolQ Market platform. To register for WoolQ Market and become a WoolQ Market User, a broker or buyer must have already registered and created a login on WoolQ (a User), and they must have created or have administration rights to either a broker or buyer business profile (an eligible WoolQ Business Entity). Please refer to [www.woolq.com/portal/admin/education/856](http://www.woolq.com/portal/admin/education/856) for further information about how to create a WoolQ business entity.

Brokers and buyers must provide valid EDI code(s). In addition, buyers must be registered to buy wool according to the agreement set out by AWEX's NASC declaration.

WoolQ Users (including woolgrowers) have access to 'view' the WoolQ Market Bulletin Board and Auctions, however they cannot participate or transact within the WoolQ Market platform.

Brokers and Buyers with an eligible Business Entity who wish to transact on WoolQ Market must complete the WoolQ Market Registration form: [www.woolq.com/portal/admin/market](http://www.woolq.com/portal/admin/market). WoolQ will review registration requests and grant eligible Business Entities transactional access to WoolQ Market within 14 days after the relevant submission, providing the required criteria has been met. Eligible Business Entities will need to accept the WoolQ Market Platform User Agreement and the WoolQ Operating Procedures at the time of registering for WoolQ Market and ensure their trading agents have received adequate training to transact on WoolQ Market (please refer to section 4).

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### **WoolQ Market Training**

Registered WoolQ Market Users can request training from the WoolQ Support Centre.

WoolQ will provide necessary documentation, training materials and access to a 'test' environment to train necessary personnel as required. The WoolQ Market Support Centre can be reached on 1800 070 099 or via e-mail at [info@woolq.com](mailto:info@woolq.com).

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### **WoolQ Market User Technology Requirements**

Recommended System Requirements:

- Compatible Browsers. Latest versions of:
  - Google Chrome (**preferred**)
  - Apple Safari
  - Mozilla Firefox
  - Microsoft Edge
- Internet
  - Consistent internet connection
  - Download speed of 10.0 Mbps
  - Upload speed of 1.13 Mbps
- Operating System (64-bit)
  - Windows 8
  - OS X 10.8 (Apple)
- Memory (RAM)
  - 8GB
- Screen resolution
  - 1920 x 1080
- Mouse
  - Scroll wheel mouse with 2 or more buttons
- Keyboard
  - Microsoft/ MAC compatible keyboard

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### **WoolQ Market Platform Components**

The WoolQ Market Platform is accessed through a User's secure WoolQ login. The User selects 'WoolQ Market' from the vertical menu to access the platform.

The WoolQ Market platform is comprised of the following components:

- WoolQ Market Dashboard (can be viewed by all Users);
- WoolQ Market Auction (can be viewed by all Users);
- WoolQ Market Bulletin Board (can be viewed by all Users);
- WoolQ Market Order Book (can only be seen by registered WoolQ Market Users);

Those who are not WoolQ Market Users will still be able to access and view the WoolQ Market Auction Platform and Bulletin Board but will not be able to transact on any wool listed. Woolgrowers can see their wool being auctioned in real time, or view the wool listed for sale on the Bulletin Board.

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### 6.1 WoolQ Market Dashboard

The WoolQ Market Dashboard is useful for both sellers and buyers, and is comprised of two components:

- **Auction Catalogues:** Displays upcoming Auction Catalogues along with their status, dates and times. Selecting a Catalogue, it will take you to the live auction section of WoolQ Market. If no auction is currently in progress, you will have the option to select from upcoming catalogues.
- **Market Trends:** Displays an interactive graph of WoolQ Market wool sale prices (for 19 and 21 microns) over a defined period of time.

### 6.2 WoolQ Market Auction

This is where Users go to view or transact within the WoolQ Market live auction.  
This is comprised of the following components:

- **Auction:** Comprised of two sections, ‘Live’ and ‘Queue’. When the auction commences, lots move from the ‘Queue’ to the ‘Live’ section in a block of 10 or less lots for sale. WoolQ Market Users can make bids on Auction catalogue lots in either the ‘Queue’ or ‘Live’ section.
- **Watchlist:** Users can select lots within a ‘Live’ or ‘Queue’ catalogue that they are interested in by selecting the star on the far right of the lot listing, the ‘watchlist’ column. This results in only the ‘starred’ lots being displayed on this tab. Users can make bids on their ‘watch list’ lots here (or on the Auction tab, see previous). If watchlist lots are sold, they are migrated from this tab to the Sold tab (see below). If they are passed in, they are migrated to the Passed In tab (see below).
- **Sold:** All WoolQ Market Auction Catalogue lots that are successfully sold will be listed on this tab for WoolQ Market users to view. During an auction, WoolQ Market Users can select any sold lots and assign an order or stock allocation which will allow buyers to group purchased lots within orders and stock types. The Allocation will be shown in the Order Book for sold lots (refer to section 6.4).
- **Passed In:** All WoolQ Market Auction Catalogue lots that are not successfully sold at the WoolQ Market Auction will be listed on this tab for WoolQ Market Users to view.
- **Filters:** WoolQ Market Users can use Filters to assist them in finding wool that they wish to purchase on the WoolQ Market Auction. For more information please refer to section 7.6.(a).

### 6.3 WoolQ Market Bulletin Board – In development

- The WoolQ Market Bulletin Board is an offer board of buying and selling interest which is accessible 24/7. This document will be updated to define the Bulletin Board operating procedures once the WoolQ Market Bulletin Board is operational.

### 6.4 WoolQ Market Order Book

- From this screen, buyers can allocate purchased lots to orders and stock types (in addition to accessing this functionality from the Sold tab).

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#### **WoolQ Market Auction Business Rules**

##### **7.1 Overview**

This section outlines the business rules associated with how the WoolQ Market Auction operates.

The Auctions will occur at a day and time published by WoolQ ([www.woolq.com](http://www.woolq.com)). In addition to the published Auction times, registered WoolQ Market Users will be notified of upcoming Auctions via e-mail (up to five days prior).

The Auction will be in a progressive format, where an auction is comprised of multiple broker catalogues. A broker's catalogue is divided into blocks. One block can contain 10 (or less) lots (where one lot is defined as one or more bales). The order of the WoolQ Market Auction (i.e. order of Broker catalogues to be auctioned) will be defined by WoolQ and is at WoolQ's discretion.

Before the Auction commences, Users will be requested to refresh their browsers via an on-screen prompt. A user can refresh their browser at any time, which will take them to the live auction, if the Auction is in progress. If no Auction is in progress, it will take the user to the Auction countdown.

##### **7.2 WoolQ Market Auction: 'Live' & 'Queue'**

The WoolQ Market Auction screen displays two sections of the broker's catalogue. The first section is the 'Live' section which lists the blocks that are in the Live Auction state. Below the 'Live' section is the 'Queue' which contains all other blocks within the Broker's catalogue.

The Auction will commence at the scheduled time, commencing with the first block from the first catalogue where buyers will have five minutes to enter their bids for said lot. Please note catalogue order and block duration can change and are set at WoolQ's discretion. All WoolQ Market users will be notified of any operational changes via e-mail. At the completion of the block, the buyer that has the highest bid on a Lot over the reserve price (listed by the seller) achieves the Match Price. This match will result in a binding contract formed between the seller and buyer in which the buyer agrees to purchase the Lot from the seller, and the seller agrees to sell the Lot to the buyer at the Match Price. If there are no bids made on a Lot, or one or more bids don't meet the reserve price, then there is no Match Price for that Lot, and it will be passed in. It is the responsibility of the Seller to re-list the lot for a subsequent Auction (if required).

Within the 'Live' Auction, the status of the lots will be displayed as either:

- **Off Market:** The Lot may or may not have had registered bids, or the current high bid is more than 10 cents less than the reserve price set by the seller.
- **Near Reserve:** The Lot has had one or more registered bids that are 10 cents or less than the reserve price set by the seller. Note that lots can be sold in this status (please refer to Meet Market functionality below).
- **On Market:** The Lot has had one or more registered bids with the current high bid at or above the reserve price set by the seller and will be sold at the highest registered bid once the auction is complete.
- **Sold:** When the duration for the block of lots in the 'live' section of the Auction is completed, any lots that have had registered bids at or above the reserve price will display 'Sold'.
- **Passed In:** When the duration for the block of lots in the 'live' section of the Auction is completed, any lots that did not have registered bids at or above the reserve price will display 'Passed In'.

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A buyer or seller can choose to display all metrics within the Auction using the following price basis:

- Greasy
- Schlumberger Dry Yield
- Japanese Clean Scoured Yield
- Scoured Wool Yield @ 17% regain
- Scoured Wool Yield @ 16% regain
- Australian Carbonising Yield

Please note the following assumptions have been made for these conversions:

- Schlumberger Dry 1% Yield T&N (SDRY1)
- Scoured 17% Regain (SCD17)
- Japanese Clean Scoured Yield (JCSY)
- Australian Carbonising Yield (ACY)
- Scoured 16% Regain (SCD16)

These are the methods used to calculate price. All yields are expressed as a percentage:

- Greasy Price = Clean Price x Yield /100
- Clean Price = Greasy Price / Yield x 100

Example:

Clean Price = 1620

SDRY1 = 72.3%

Greasy Price = 1171

It is important to note that prices will always be rounded to 0 decimal places, and there may be rounding variances in conversions of up to 2c per kg.

### 7.3 Meet Market Functionality

During the live WoolQ Market Auction, if any lots are in the status 'Near Reserve', then registered WoolQ Market sellers (for their listed lots only) can elect to 'Meet Market'. This means that they are electing to meet the current highest bid, that is within 10 cents of the reserve price that they set for this lot.

Buyers need to be aware that when lots are 'Near Reserve', the highest bid will be liable for the purchase of that lot, and the lot does not have to be 'On Market' to be transacted on WoolQ Market.

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### **7.4 How to list Wool for sale on the WoolQ Market Auction**

Listing wool for sale on WoolQ Market is completed via the existing processes on the OZDE network. Sellers will need to transmit their WoolQ Market catalogues for upcoming sales in accordance with the rules for the existing open cry. Timing will be communicated as a schedule is established. Each catalogue of wool for sale will include reserve prices for each Lot. Timings and deadlines can be changed by the WoolQ Market team at their discretion and all participants will be notified via e-mail of these changes.

Once a catalogue is uploaded, it cannot be changed (i.e. lots cannot be added or withdrawn, reserve prices cannot be changed, etc).

In addition, WoolQ reserves the right to reject catalogues if they do not contain the minimum information set out in the standard EDI format. The WoolQ Market team will be in contact to identify an appropriate course of action to rectify any errors.

### **7.5 How to Purchase Wool for sale on the WoolQ Market Auction**

Buyers can request broker catalogues from the OZDE and import them into their valuing systems to generate their limits and types.

Prior to the WoolQ auction, buyers have the option to upload an XML file containing their limits and valuations for the broker catalogue downloaded from the OZDE to the WoolQ Market. Buyers can also choose to bid during the WoolQ Market Auction, without submitting limits. If buyers choose to upload limits and valuations, they need to have this file uploaded 2 hours prior to the scheduled WoolQ Auction start time. In the WoolQ Market Auction, buyers can bid online using these limits or they can bid manually without limits.

At the conclusion of the auction for each broker catalogue, an LPB (Lot Price Buyer) file for sale results is sent to the OZDE for pickup by buyers for allocations, and brokers to create invoices. WoolQ Market will also send a summary of all sale results to the WoolQ Market buyers and sellers, and in addition they can view all auction transactions within the WoolQ Market Order Book tab. All invoicing and payments for the sale of wool will be done via the OZDE Network.

#### **(a) Provenance**

Woolgrowers' brands are displayed on Lots listed within the WoolQ Market Auction and Bulletin Board. By clicking on the Lot details, you can select the woolgrower brand, which will take you to the woolgrower profile (if they are a registered WoolQ User, and the lot originated through the WoolQ eSpeci).

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### 7.6 How to Bid for Wool During the WoolQ Market Auction

Buyers can submit bids on lots within the ‘Queue’ section of the WoolQ Market Auction tab prior to the start of the ‘Live’ Auction. Buyers can select to ‘single bid’ lots or ‘multi bid’ (using limits) on a group of two or more lots. When you select a lot by clicking on the row in the ‘Queue’ or ‘Live’ section, the Lot details will be displayed on screen. You can ‘Place Bid’ here. A confirmation prompt will be displayed where you are requested to ‘Confirm Bid’. Once a user has confirmed their bid within the WoolQ Market Auction, they cannot cancel or reduce this bid. All bids are treated as ‘max bids’ and are on a first come first serve basis. This means that the system will automatically adjust the user’s bid but will not exceed their ‘max bid’ amount.

Consider the following examples:

**Example 1:** there are three unique buyers who place identical max bids of 920 on the same lot (reserve price of 900), the buyer who placed their max bid first will hold the lot at 920. The lot will be displayed as ‘On Market’.

**Example 2:** There are two unique buyers interested in the same lot (reserve price of 900). Buyer 1 places a max bid of 800 followed by buyer 2 who places a max bid of 1000. The lot will be held by buyer 2 at 1 cent above the second highest bid. The lot will be displayed as ‘Off Market’.

**Example 3:** There is only one buyer interested in a lot (reserve price of 900) who places a max bid of 1100. The highest bid displayed will be 1 cent and the lot will displayed as ‘Off Market’.

#### (a) Creating Filters

Buyers can use Filters to assist them in finding wool that they wish to purchase on the WoolQ Market Auction. To create a filter, a buyer selects ‘Create a filter’ at the top of any of the following screens within WoolQ Market: Auction, Bulletin Board, Order Book. The buyer will be asked to enter a Filter Name. Once a filter is created, a buyer can choose to activate or deactivate the filters by clicking them. A highlighted border will appear if the filter is active. In addition, there will be an onscreen notification advising whether there are active filters. A buyer can only use one filter at a time.

Buyers will need to select categories for filtering. They can select as many categories within one filter. These categories include:

1. Exclude qualifiers: To include wool of certain types;
2. Team Hauteur: Fibre length in the wool top;
3. Micron;
4. POBM: Position of Break (middle);
5. Length (MM);
6. Strength (NKT);
7. Allow Types: To include wool of certain types;
8. VM: Vegetable Matter.

Filters can be accessed by all buyers and users attached to that particular Business Entity. Therefore, they are not accessible by user, rather they will be available to any registered traders within the business entity. The filter will return lots within the filter parameters on the following screens: Auction, Bulletin Board and Order Book.

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### 7.7 WoolQ Market Auction Communications

WoolQ Market registered users will receive the following marketing communications and system notifications (via e-mail), which may be changed at any time at WoolQ's discretion:

- Notifications of upcoming Auctions, including dates and times;
- Notifications that an Auction will be commencing shortly;
- Summary of Sale Results.

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## WoolQ Market Auction & Bulletin Board Support Model

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#### 8.1 Overview

WoolQ Market provides the following channels for registered WoolQ Market Buyer and Sellers:

- Direct support via phone: 1800 070 099
- Direct support via e-mail: info@woolq.com

Or:

Mark Scott, WoolQ Manager – 0417 056 079

Stephen Hill, Stakeholder Engagement Officer – 0429 494 690

#### 8.2 WoolQ Market Fees and Charges

WoolQ Market will be free of any exchange or access fees for an introductory period of 6 months.

#### 8.3 WoolQ Market Disputes

A seller or buyer can lodge a dispute with WoolQ Market from the Order Book screen of the WoolQ Market Platform. This will generate a dispute request to the WoolQ Market administrator, who will respond within 24 hours. This function covers disputes that are related to transaction fees and technical issues. Any other disputes between the seller and buyer should be resolved by these parties by communicating directly (utilising existing industry processes).