



BELARUSIAN UNIVERSAL COMMODITY EXCHANGE

Belarusian Universal Commodity Exchange (BUCE) is the only commodity exchange in the Republic of Belarus and one of the largest spot exchanges in Eastern Europe. BUCE's main function is assisting Belarusian companies with sales of their products in foreign markets and helping foreign companies to access the Belarusian market.

Founded in 2004 BUCE is primarily focused on the spot market – that is when commodities are traded with an expectation of actual delivery, as opposed to a commodity future market when purchased goods are usually not delivered.

All trading sessions are held by electronic means via Internet, which enables a sustainable growth of exchange turnover, a steady inflow of clients and gradual expansion of the client geography.

At the present moment client base of BUCE counts more than 17 000 companies – participants from 60 countries, which annually conclude transactions of more than 1,5 billion USD.

BUCE trading commodities

- 1. Metal products.** Ferrous metals (over 400 thousand tons a year, 20% of the entire national market), non-ferrous metals (about 20 thousand tons), coal (about 40 thousand tons), coke (in excess of 20 thousand tons), electrical products.
- 2. Agricultural products.** Casein, milk powder, butter, cheese, cottage cheese, butter and canola rapeseed, flour, cereals, hides of cattle, cattle meat and pork, sugar, and salt.
- 3. Timber.** Round wood, pulp wood, sawn wood, plywood, chipboard, fiberboard, paper, pellets, fuel briquettes and chips.
- 4. Industrial and consumer goods.** The electronic subsystem of auctions with industrial and consumer goods works on-line around the clock and allows to sell and buy goods of the widest range from anywhere in the world where there is the Internet, both with the help of a special purpose software or an interface of an Internet browser. A distinctive feature of this trading subsystem is a possibility to place additional textual and graphical information about the product in the application.

The list of commodities eligible for trading at the exchange encompasses some 3000 commodity items.

Operation principles of the Exchange

Currently, exchange and electronic auctions are conducted electronically through specially designed trading subsystems, including the use of the remote access of traders to the Exchange's trading system via the Internet.

The right to trade at the Exchange belongs to legal entities, who are residents and non-residents of the Republic of Belarus.

Given the heterogeneity of the commodity market, serviced by the Exchange, and the direction of the market (export or import), various auction schemes are applied: ascending price auction (English), descending price auction (reverse auction), the combined scheme (continuous double auction).

Trading is anonymous. In the case of a transaction, parties get contact information of each other, enter into and register at the Exchange within the prescribed by the rules period the contract for the supply of goods on conditions of a transaction concluded at the auctions. In the case where one of the parties refuses to conclude a transaction, it incurs sanctions established by the rules of the Exchange.

Parties shall pay the exchange fee upon the conclusion of a transaction equal to 0.1-0.5% of the amount of the transaction, depending on the trading platform.

Exchange auctions with metal, timber, agricultural products

Exchange auctions in the sections of metal, timber, agricultural products are carried out in strict accordance with the Rules of the exchange trade and Regulations of exchange auctions in the relevant section according to the scheduled auctions with goods included in the List of goods admitted to the exchange trade.

To be able to participate in the auctions via the remote access one must install special software that is downloaded free of charge from the website by accredited participants of the exchange auctions.

Section of industrial and consumer goods (<https://ts.butb.by/ppt/>)

Along with organization of traditional electronic exchange auctions in the sections (product groups) of metal, timber and agricultural products, a section of industrial and consumer goods has been in operation at the Exchange since May 2009.

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A new version of the system of auctions with industrial and consumer goods is to be put into operation, where there is construction of supply and demand registers with the help of a global classification of products (GPC) with a synchronized Belarusian classification of industrial and consumer goods (OKPB 007-2007) and a classification of the commodity nomenclature of foreign economic activity of the Customs Union.

Electronic auctions for public procurement (<http://zakupki.butb.by/auctions>)

Belarusian legislation provides for mandatory use of electronic auctions for public procurement, as well as purchases at their own expense by state enterprises of the predominant majority of goods (works, services). One of the operators of electronic trading platforms that have the right to conduct electronic auctions in the Republic of Belarus is Belarusian Universal Commodity Exchange OJSC.

To become a participant of auctions one should:

1. Acquire an electronic digital signature (EDS);
2. Get accredited;
3. Submit an application on the Internet to buy/sell exchange goods;
4. Take part in the auctions via the Internet.

Participation in the exchange auctions can be independent or with the help of an exchange broker – a member of the exchange trade, who provides clients with brokerage services on exchange auctions.

Exchange brokers

Exchange brokers perform for their clients all necessary steps and procedures for participation in exchange trading, and the conclusion of transactions. Exchange broker may conduct transactions:

- on behalf of clients at their expense,
- on their own behalf at the expense of clients,
- on behalf of clients at his own expense.

Relationships between exchange brokers and BUCE are regulated with the exchange service contract. Relationships between exchange brokers and their clients are regulated with other contracts (contract of agency and etc.).

Functions of exchange brokers:

- intermediary at fulfillment of transactions at BUCE by acceptance of commissions of clients and fulfillment of transactions at the exchange on the best conditions for clients;
- representation of clients' interests;
- consultation of clients on the questions regarding fulfillment of transactions at BUCE, concerning quality and properties of the exchange goods;
- other functions, ensuring the implementation of clients' orders in accordance with the rules of exchange trade.

Working with exchange brokers provides an opportunity to use highly skilled professionals capable of maximum benefit when conducting exchange transactions without diverting their own client's staff.

Logistics

BUCE offers logistics services and has a wide network of the exchange warehouses. Thanks to such warehouses any product purchased via the exchange can be collected by the buyer either in his own country or as closely as possible to the desired location. As of yet, foreign exchange warehouses are registered in Russia, Kazakhstan, Ukraine, Poland, Latvia, Lithuania, Estonia, Bulgaria, Belgium, and Germany.

Analytics

For the purpose of effective monitoring and objective analysis of the situation on the exchange markets of the Republic of Belarus and abroad, the Exchange markets a number of information and analytical products that, due to the high concentration of supply and demand, reflect the market condition and provide guidance to market participants when they conclude transactions.

International co-operation

The Exchange is a member of the International Association of Exchanges of the CIS Countries (IAE CIS), the Interexchange Electronic Union (IEU), and the Association of Futures Markets (AFM), membership in which contributes to strengthening of international co-operation relations and empowerment of Belarusian companies to find prospective trade partners abroad and expand into new markets.

In 2010 BUCE opened a representative office in Russia. Representatives of BUCE also work in Lithuania, Latvia, Poland, Czech Republic, Sweden, Italy, South Africa and China.

Contacts

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