STLM Grain Obligations

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Grain Obligations are non-priced specialty contracts with a future obligation of delivery. These are only available in STLM.

Setup

In order to use Grain Obligations, the *Use Contract Amendments* option must be turned on at *Grain / Setup / Preferences* on the *Purchases* tab. Once this is turned on and saved, it may be necessary to close Grain then reopen.

Obligation Type

At *Grain / Setup / Obligation Type*, Obligations can be set up that are offered to Customers. Examples include *Knock-out Accumulator*, *Average Price*, *Min/Max*, etc.

This window displays a list of all Obligation Types filtered by the *Active* status.
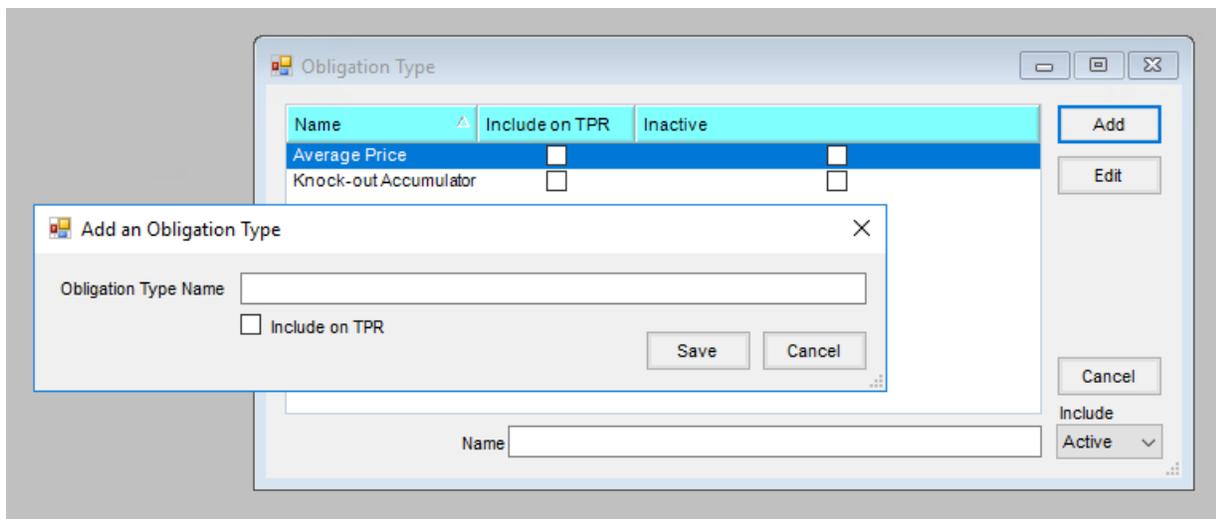
Selecting **Add** displays the *Add an Obligation Type* window to enter the *Obligation Type Name*. This is a required field and can be up to 50 characters. The *Include on TPR* option allows the Obligation Type to be included in the calculation of Obligation quantity remaining on the Combined DPR/TPR, Trading Position, and Grain Dashboard. The Obligation quantity is information-only and will not be included in the calculation of the overall position.

Selecting **Edit** gives the ability to change the *Obligation Type Name*, the *Include on TPR* option, and the option to mark the Obligation Type as *Inactive*.

Custom Contracts

To see how to set up Custom Contracts for Obligations, see the *Obligations* tab **here**.

Default Obligation Amendment Format

The *Default Obligation Amendment Format* can be indicated at *Grain / Setup / Preferences* on the *Location Preferences* tab.

Settlement Deduction to Use on Amendment

1. Navigate to *Grain / Setup / Settlement Deductions*.
2. The Rate/Unit will default on the Amendment's Value or Rate.
3. The *Allow this deduction to be used on a Purchase Contract Amendment* must be checked to show in the selection list on the Obligation.

Add Obligation

Navigate to *Grain / Operations / Obligations* and choose **Add**.

General Tab

1. Enter the *Obligation #*. This is a numeric field. To have this auto-number, go to *Grain / Setup / Document Counters* and check *Auto-number Document* for *Obligations*.

2. Double-click in the *Customer ID* field to choose the appropriate Customer.

3. Select the *Location* from the drop-down. The logged in Location is the default but can be changed. Ensure the

Location of the Obligation is selected.

4. Double-click in the *Commodity* field to choose the Commodity for the Obligation.

5. The *Date Established* defaults to today's date but can be changed to reflect when the Obligation originated.

6. Enter the date the Obligation will expire in the *Expire Date* field.

7. For the *Price By Date*, enter the date the Obligation needs to be priced by or migrated to a Purchase Contract.

8. Choose the *Obligation Type* from the drop-down. Options available here are those set up at *Grain / Setup / Obligation Types*. More details can be seen on the *Setup* tab of this article.

9. The *Obligation Status* defaults to *Open* and is disabled. If the Obligation is to be closed, check the *Closed* checkbox.

10. Enter the *Min* and *Max Prices*.

11. Enter the *Salesperson*/originator for the Obligation.

12. The *Farm ID* associated with the Grower on the Obligation can be entered.

13. If the Obligation has been signed, check *Obligation Signed*.

14. Enter the units for the Obligation in the *Obligation Quantity* field. The *Original Obligation Quantity* defaults with what is entered in the *Obligation Quantity* field and cannot be edited.

15. The *Qty Remaining* is calculated by taking the sum of the Migrated Quantity for the Obligation and subtracting it from the Obligation Quantity. This field cannot be edited.

16. Options available under *Bid Criteria* are established at *Grain / Setup / Bid Criteria*. Only those with a *Contract Type* of *Purchase* or *Both* are available.

17. Options under *Futures Month* are set up at *Grain / Setup / Futures Month/Pricing*. If the *Location/Commodity/Bid Criteria/Exchange* are populated on the Obligation, these will be considered when filtering the list. If any are blank at the Futures Month/Pricing window, they will be included in the list.

18. *Exchange* options are set up at *Grain / Setup / Exchange*.

19. *Obligation Format* options are set up at *Grain / Setup / Preferences* on the *General* tab. For more information, see the *Obligations* tab on the **Grain Custom Contracts** article. This selection is required.

    Note: Only formats for the *Obligation Type* selected will be available here.

20. Delivery date ranges can be entered for the Obligation and the associated *Quantity*.

21. If applicable, check *Assign Buyer Signature*. More on Buyer Signatures can be found **here**.

Comments Tab

1. Enter any relevant comments on the *Comments* tab.

2. A Saved Comment can be selected if it has not expired. These are set up at *Grain / Setup / Saved Comments.*

Options Tracking Tab

Information entered on this tab will not be used in other places in Agvance.

Select **Add Roll** and fill out information in the row that pertains to the option being tracked.

Edit Obligations

Navigate to *Grain / Operations / Obligations*, highlight the desired Obligation, and choose **Edit**. Most items on the Obligation will require an Amendment to make a change.

General Tab

The *Obligation Signed* option can be edited without an Amendment. This will be disabled, though, if the Obligation has already been electronically signed.

Amendments Tab

- **Date** – This will default to today's date but can be changed.
- **Amendment Signed** – This can be checked if the Amendment has been signed but will be disabled if it has been electronically signed.
- **Type** – If *Settlement Deduction* is selected, choose a Deduction to be applied to the Amendment. Select *General* when a Settlement Deduction is not to be applied to the Amendment.
- **Settlement Deduction** – This is enabled when *Type* is set to *Settlement Deduction*. It will be required to select a Deduction/Addition to save the Amendment.
- **Units Source** – These units will be saved with the Amendment detail line to calculate any Deductions/Premiums.
  - **Remaining Units** – Units on the Obligation that have not been migrated to a Purchase Contract.
  - **Change in Units** – When there is a change to the Obligation Quantity, this is the difference between the current Obligation Quantity and the new.
  - **Manual** – *Override Units* will become available to enter the units.
- **Value or Rate** – When a Settlement Deduction is selected, the rate on the Deduction will default. The default value from the Settlement Deduction can be edited. A value only needs entered when a Settlement Deduction is selected.
- **Value to Change** – Select the item to be edited from the drop-down.
- **Description** – This is required to save the Amendment.

- **Comment** – This is required if the *Require reason for changes* is checked on the *General* tab at *Grain / Setup / Preferences.*

Once the Amendment is added, go to the *General* tab to make the edits.

Migrations Tab

This tab shows the Purchase Contract and the migrated *Quantity*.

Comments Tab

On the *Comments* tab, Comments can be edited, added, or deleted.

- **Edit** – Select the Comment and make the needed changes then choose **Accept**.
- **Add** – Select **Add**, enter a Comment or select a Saved Comment, then choose **Accept**.
- **Delete** – Select the Comment then choose **Delete**.

Options Tracking Tab

Select **Add Roll** and fill out the information that pertains to the option being tracked. Multiple rows can be added.
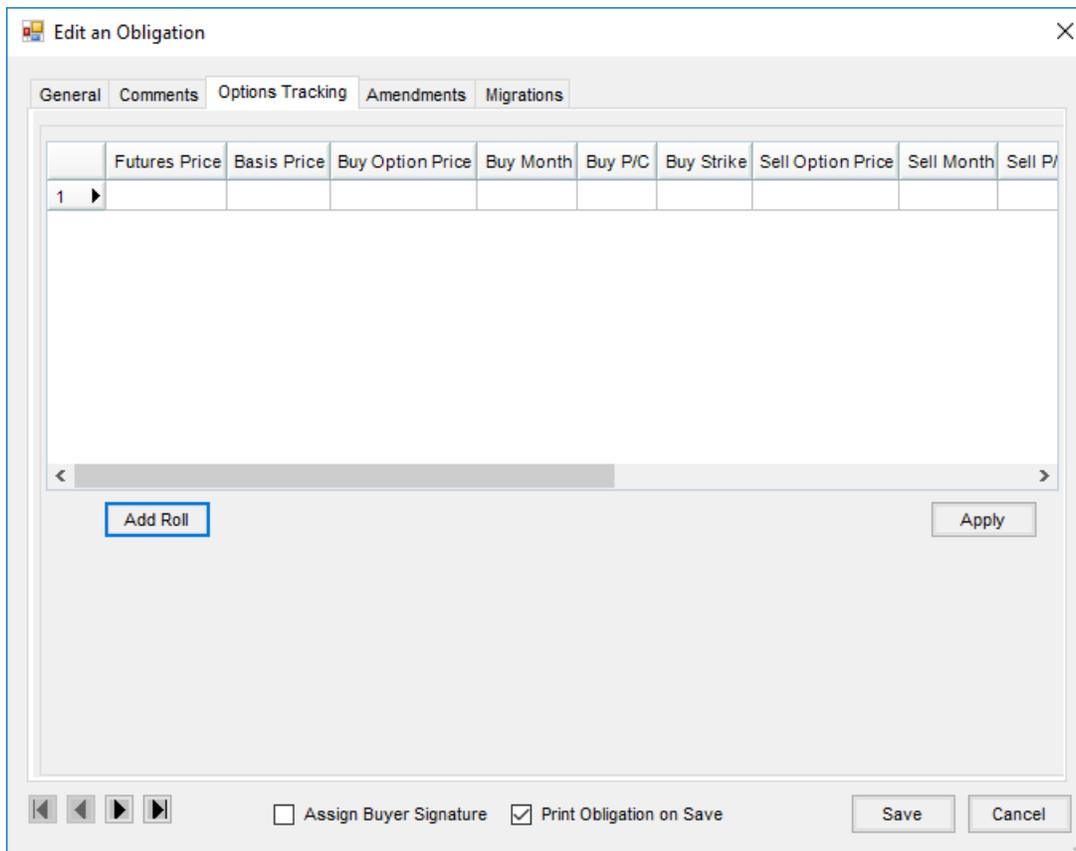
Print Obligation

When adding/editing an Obligation, the *Print Obligation Contract* window displays upon selecting **Save** if *Print Obligation on Save* is checked. This can also be found by selecting **Reprint** on the *Select an Obligation* window.
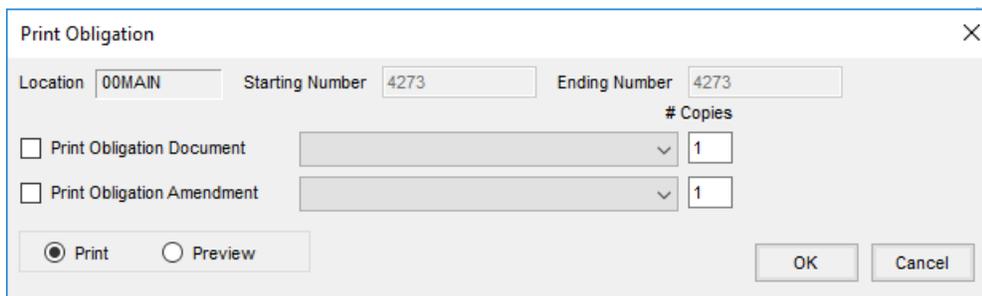
If there is an Amendment on the Obligation, the *Print Obligation Amendment* option is enabled.

The Obligation Format to print is on the Obligation's *General* tab. The Obligation Amendment Format is set up at *Grain / Setup / Preferences* on the *Location Preferences* tab and is set up per Location.

When an Obligation is saved, it is sent to S3 using the format on the Obligation. The Obligation Amendment document is sent to S3 if there is a document format set up.

Migrate Obligation

At *Grain / Operations / Obligations*, select the Obligation to be migrated to a Purchase Contract (can be entire or partial) and select **Migrate**. An Amendment will need added to migrate.

1. On the *Amendment* tab, the *Value to Change* defaults to *Migrate Obligation* and cannot be changed.

2. Select the *Type* of Amendment - *Settlement Deduction* or *General*.

3. Choose **Add Amendment**.

4. On the *Add a Purchase Contract* window, the *Customer ID* and *Commodity* cannot be edited.

5. The *Date Established* defaults to today's date but can be modified.

6. Common data elements from the Obligation will default but can be changed.

7. Fill out the rest of the Purchase Contract.

8. The *Contract Quantity* defaults to the quantity available to migrate from the Obligation (*Obligation Quantity - sum of quantity already migrated*). This quantity can be changed.

9. When finished, select **Save**.

10. Edit the Purchase Contract and go to the *Obligation* tab. This shows the *Obligation #, Location,* and *Obligation Type* from which the Purchase Contract was created. The history of the Obligation migration is also shown and the unmigrating of the Purchase Contract back to the Obligation. Examples of unmigrating can be found on the *Unmigrate Units on Purchase Contract Back to Obligation* tab of this article.

Unmigrate Units on Purchase Contract Back to Obligation

The steps below can be used in the following scenarios to unmigrate units on a Purchase contract back to the Obligation.

- **Scenario 1** – Purchase Contract Created from Obligation Migration
- **Scenario 2** – Purchase Contract Created from Obligation Migration and During Migration, More Units were Added to the Purchase Contract
- **Scenario 3** – Purchase Contract Created from Obligation Migrated and Purchase Contract has Units Delivered

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1. At *Grain / Operations/ Purchase Contracts*, select the Purchase Contract that was migrated from an Obligation and choose **Edit**.
2. Go to the *Amendments* tab. An Amendment will need added to unmigrate.
3. The Amendment *Date* will default to today's date but can be changed.
4. For the *Value to Change*, choose *Unmigrate Obligation*.

   Note: *Unmigrate Obligation* will only be available if the Purchase Contract originated from an Obligation.

5. If a fee needs to be added for unmigrating, choose *Settlement Deduction* as the *Type* then select the *Settlement Deduction* for the fee being used. Otherwise, choose *Futures Price* or *Basis Price*.
6. The *Unit Source* will default with *Change in Units*. This would be the units being unmigrated. These units will be used on the Amendment created on the Obligation for the unmigrated units.
7. Enter a *Description* (this is required).

8. A *Comment* is required if the *Require reason for changes* is checked on the *General* tab at *Grain / Setup / Preferences*.

9. Select **Add Amendment**.

10. On the *General* tab, enter the quantity to be moved back to the Obligation in the *Unmigrate Qty* field.

Note: More units than what was originally migrated from the Obligation cannot be unmigrated. A message will display when trying to save if the quantity entered is more than what was originally migrated.

11. Select **Save**.

The Purchase Contract quantity is reduced. If there were Amendments:

- The Purchase Contract Amendment added for the unmigrate does not have units (even for a *Settlement Deduction Type*) and any Amendments added during the migration process quantity is reduced by the amount unmigrated.

- Obligation Amendments that were originally migrated have the Units Migrated reduced by the amount being unmigrated. If there was a Settlement Deduction on the Purchase Contract Amendment during the unmigrate, it is added to the Obligation with the units.