

## **LONDON NOTICE No. 3212**

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**COCOA FUTURES CONTRACT  
(EXCHANGE CONTRACT NO. 401)**

**ROBUSTA COFFEE FUTURES CONTRACT  
(EXCHANGE CONTRACT NO. 409)**

**GRADING AND WAREHOUSEKEEPING PROCEDURES IN RESPECT OF COCOA AND  
ROBUSTA COFFEE FUTURES CONTRACTS**

### **Executive Summary**

This Notice informs Members that, as a result of the replacement of the Grading and Tendering System (“GATS”) by NYSE Liffe Guardian, a number of amendments have been made to the Grading and Warehousekeeping Procedures in respect of the Cocoa and Robusta Coffee Futures Contracts (“GWPs”). The revised GWPs will be made available on the NYSE Euronext website and in the London Market Handbook on and from 2 November 2009.

### **1. Introduction and background**

- 1.1 This Notice informs Members that, following the implementation of NYSE Liffe Guardian, the Exchange has updated the GWPs in order to replace references to “GATS” with references to “NYSE Liffe Guardian” and to incorporate changes to the grading, storing and tendering processes which have been made possible by the implementation of NYSE Liffe Guardian.
- 1.2 The changes made are described below.

### **2. Issuance of Warrants**

- 2.1 In order to reflect the market practices of Warehousekeepers and the Owners of Goods stored with the Warehousekeepers, the GWPs have been amended to place the timing of the issuance of a Warrant at the discretion of the Owner and Warehousekeeper. However, it remains a requirement that a Warrant must be issued in order for the Goods to be tendered.

Web site: [www.nyx.com/liffe](http://www.nyx.com/liffe)

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**3. Removal of the Lotting Account**

- 3.1 The implementation of NYSE Liffe Guardian has removed the need for a Lotting Account. Details of a Delivery Unit or Lot need only be input onto NYSE Liffe Guardian prior to the first grading. Where details change, such as weight and storage location, NYSE Liffe Guardian must be updated by the Warehousekeeper using the appropriate functionality. The Warehousekeeper is required to ensure that all details recorded on NYSE Liffe Guardian are accurate and updated promptly.

**4. Addition of cocoa to a Delivery Unit**

- 4.1 GATS did not have the functionality that allowed for Delivery Units which had fallen below the relevant weight tolerance to be topped up without the need for the creation of a new Delivery Unit with a new warrant number. The introduction of NYSE Liffe Guardian has provided this functionality and thus improves the audit trail by allowing the addition of more material whilst retaining the same warrant number, subject to paragraph 4.2 and provided that:
- (a) following the addition of the cocoa, the Delivery Unit is in compliance with the relevant contract terms;
  - (b) the additional cocoa has never been graded as not tenderable; and
  - (c) in respect of cocoa stored in bags, the additional cocoa is contained in bags meeting the criteria prescribed by the Exchange from time to time.
- 4.2 A Delivery Unit to which cocoa has been added pursuant to paragraph 4.1 may not be tendered until that Delivery Unit has been weighed and re-graded as tenderable.
- 4.3 This facility is not applicable to the Robusta Coffee Futures Contract as coffee intended for delivery against this Contract may only be graded once and therefore re-grading after a “top up” would not be possible.

**5. Consequential changes**

- 5.1 A number of consequential changes have been made to the GWPs in order to update them, e.g. the replacement of references to the “Market Operations Department” with references to “NYSE Liffe Clearing”, procedures surrounding the convening of a Cocoa Grading Panel and the removal of outdated parts of Schedule 1.

**6. Further information**

- 6.1 The revised GWPs will be made available on the NYSE Euronext website ([www.nyx.com/liffe](http://www.nyx.com/liffe)) and in the London Handbook ([www.nyx.com/liffe/londonhandbook](http://www.nyx.com/liffe/londonhandbook)) on and from Monday 2 November 2009.

For further information in relation to this Notice, Members should contact:

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