

## **LONDON NOTICE No. 3269**

ISSUE DATE: 26 March 2010

EFFECTIVE DATE: 26 March 2010

### **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**

### **INTRODUCTION OF THE WARRANT MANAGEMENT SERVICE FOR COCOA AND ROBUSTA COFFEE**

#### **Executive Summary**

The Exchange has determined that it will introduce a new Warrant Management Service for Cocoa and Robusta Coffee with effect from Tuesday 6 April 2010. The Warrant Management Service will allow for the electronic transfer of ownership of Warrants from sellers to buyers in a tender cycle provided that Warrants have been immobilised by the lodgment of such Warrant(s) in an Exchange-designated depository. In addition, the Warrant Management Service will also allow for the electronic transfer of ownership of such immobilised Warrants between seller and buyer in the event of a physical sale/purchase outside of the tender process.

This Notice introduces the Warrant Management Service and provides details of changes to the Cocoa and Robusta Coffee Futures Contract Specifications and changes to the Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts. The Notice also provides details about the Exchange-designated depository, the commissioning of the service, and the fees for the service.

#### **1. Introduction**

- 1.1 This Notice informs Members and Nominated Warehousekeepers that the Exchange will introduce a Warrant Management Service with effect from Tuesday 6 April 2010 and that on and from Tuesday 4 May 2010 only Warrants which are lodged at the Exchange-designated depository (the "Depository") may be tendered in respect of the Cocoa and Robusta Coffee Futures Contracts.
- 1.2 The Contract Specifications together with the Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts ("G&WPs") have been amended accordingly and the revised documents are attached to this Notice.

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

The **Euronext Derivatives Markets** comprise the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets. Euronext is part of the NYSE Euronext group.

## **2. Background**

- 2.1 The electronic commodity management system for the grading and tendering of Cocoa and Robusta Coffee, NYSE Liffe Guardian, was designed with the capability for also recording title of such goods.
- 2.2 In order to effect a tender of either Cocoa or Robusta Coffee from the May 2010 delivery month onwards, Warrants will need to be held in immobilised form, i.e. lodged at the Depository. A Warrant is immobilised when the Owner of the Goods:
- (a) instructs the Nominated Warehousekeeper in whose Nominated Warehouse the Goods are stored to issue a Warrant printed on NYSE Liffe secure paper<sup>1</sup> and to record the Owner's name on NYSE Liffe Guardian; and
  - (b) instructs the Nominated Warehousekeeper to request the Owner's Clearing Member to act as the Owner's Nominated Member; and
  - (c) instructs the Nominated Member to accept the request and to lodge the Warrant in the Depository. Once lodged, the Depository will record the Warrant as immobilised on NYSE Liffe Guardian.
- 2.3 Transfer of ownership of Warrants which have been immobilised between clients of Nominated Members may occur without the Warrant needing to be withdrawn from the Depository. Where transfer of ownership occurs through delivery under an Exchange Contract, the Nominated Member taking delivery is responsible for updating the new Owner's name in NYSE Liffe Guardian. Similarly, where the transfer of ownership occurs through a physical sale/purchase, the Nominated Member representing the buyer is responsible for updating the new Owner's name in NYSE Liffe Guardian.
- 2.4 An Owner may give written instructions to the Nominated Member to withdraw a Warrant from the Depository. At the point where a Nominated Member makes a withdrawal request in NYSE Liffe Guardian the Warrant becomes untenderable against an Exchange Contract. The Exchange expects that any Warrants withdrawn from the Depository are for onward delivery to the physical market and in consequence will only allow previously withdrawn Warrants to be re-immobilised in exceptional circumstances. For procedures relating to the withdrawal of Warrants from the Depository, please see Section F 3. of the G&WPs.
- 2.5 It should be noted that despite the change in Warrant form, the terms and conditions of business of the Nominated Warehousekeepers, which are normally printed on the back of a Warrant and to which the Owners are bound, remain unchanged.

## **3. Depository**

- 3.1 The Exchange has designated Citibank N.A. to act as its Depository for the immobilisation of Cocoa and Robusta Coffee Warrants. The details of the Depository are as follows:

**Citibank N.A.**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

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<sup>1</sup> That is paper provided by the Exchange which has a number of special security features including a watermark, a hologram and a unique serial number for each sheet.

- 3.2 The main contacts at the Depository within the Agency & Trust Operations department are as follows:

Paul Tremaine +44 (0)20 7508 3807

Chris Sullivan +44 (0)20 7508 3793

Martin Pavitt +44 (0)20 7508 2792

Any e-mails sent to Citibank N.A. should be sent to the group e-mail address: [opuk.depositary@citi.com](mailto:opuk.depositary@citi.com).

- 3.3 The Depository will be open for the lodgement and withdrawal of Warrants between the hours of 09:00 and 17:00 London time, Monday to Friday, excluding all UK public and bank holidays. As set out in the G&WPs, the lodgement and withdrawal of Warrants can only take place during appointments made with the Depository (during the commissioning period, appointments will be made through NYSE Liffe – see paragraph 7.4 below).
- 3.4 Details of how to lodge Warrants with and withdraw them from the Depository can be found in Section F 3.4.2 of the G&WPs.
- 3.5 For the commissioning of the Warrant Management Service, please see Section 7 of this Notice.

#### **4. Changes to the G&WPs**

- 4.1 The main change to the G&WPs has been the addition of a new Section F, which covers the Warrant Management Service including all details in relation to the immobilisation of Warrants with, and withdrawal of Warrants from, the Depository. Consequential changes have also been made to the list of defined terms within Section B.
- 4.2. Changes have been made throughout the G&WPs to allow for:
- (a) the use of NYSE Liffe Guardian as the Warrant Management Service;
  - (b) the Depository to be used for the immobilisation of Warrants;
  - (c) the restriction of the term “Goods” from its earlier broad interpretation of meaning either Cocoa or Robusta Coffee to now specifically meaning either Cocoa or Robusta Coffee details of which are represented by the Warrant recorded on NYSE Liffe Guardian. This change reflects the need to refer to Cocoa and Robusta Coffee which falls under the remit of the G&WPs and Warrant Management Service; and
  - (d) the standardisation of terminology used within the G&WPs and, where applicable, the Cocoa and Robusta Coffee Futures Contracts.
- 4.3 The Exchange has also taken the opportunity to update Section D 1.6 of the G&WPs in respect of the introduction of Supervision Companies.
- 4.4 A revised version of the G&WPs forms Attachment 1 to this Notice.

#### **5. Changes to the Cocoa and Robusta Coffee Futures Contract Specifications**

- 5.1 The Contract Specifications for the Cocoa and Robusta Coffee Futures Contracts have been amended to allow for the use of the Warrant Management Service and specifically that in order for a Warrant to be tendered it must be held in immobilised form within the Depository.

- 5.2 Changes have also been made to the Contract Specifications in order to standardise terminology both within and between them and, where applicable, the G&WPs.
- 5.3 Both Contract Specifications have also been updated to reflect the changes in clearing that have come about as a result of the introduction of NYSE Liffe Clearing.
- 5.4 Both Contract Specifications now contain a “Statement in relation to the Tender Process” which states that:

“The Exchange draws the following statement to the attention of potential users of the Robusta Coffee/Cocoa Futures Contract. Members should ensure that their clients are made aware of the statement.

“Statement in relation to the Tender Process:

Potential users of the Robusta Coffee/Cocoa Futures Contracts should familiarise themselves with the Contract Terms and Administrative Procedures and the Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts. Potential users should also be aware of the fact that only Warrants that have been immobilised will be tenderable.””

- 5.5 The Exchange has also taken this opportunity to remove some redundant legacy clauses such as those relating to previous transitional arrangements in the Cocoa Futures Contract Specification.
- 5.6 The revised versions of the Robusta Coffee and Cocoa Futures Contract Specifications form Attachments 2 and 3 respectively to this Notice.

## 6. Fees

- 6.1 To cover the annual fee of the Depository, the grading fees will be increased from 1 June 2010 as detailed below:

<b>Delivery Unit</b>	<b>Current Grading Fees</b>	<b>Grading Fees from 1 June 2010</b>
<b>Cocoa</b>		
Standard Delivery Unit	£54	£56
Standard Delivery Unit Appeal	£61	£63
Large Delivery Unit	£380	£390
Large Delivery Unit Appeal	£430	£440
Bulk Delivery Unit	£3,200	£3,250
Bulk Delivery Unit Appeal	£3,400	£3,450

<b>Delivery Unit</b>	<b>Current Grading Fees</b>	<b>Grading Fees from 1 June 2010</b>
<b>Robusta Coffee</b>		
Single Lot	£72.50	£74.50
Single Lot Appeal	£83.00	£85.00
Grouped Lot	£87.50	£90.00
Group Lot Appeal	£100.00	£102.50

- 6.2 The scale of lodgement fees to be charged by the Exchange from Tuesday 4 May 2010 are detailed below:

<b>Lodgement</b>	<b>Exchange Fee</b>
0 to 10 Warrants per Lodgement	£85.00
11 to 50 Warrants per Lodgement	£315.00
51 to 100 Warrants per Lodgement	£400.00
101 to 150 Warrants per Lodgement	£475.00
151 to 200 Warrants per Lodgement	£575.00

- 6.3 Members should note that lodgement fees will be waived during the commissioning period, i.e. from Tuesday 6 April 2010 to Friday 30 April 2010.

- 6.4 There are no fees for the withdrawal of Warrants from the Depository.

## **7. Commissioning of the Warrant Management Service**

- 7.1 Full details of the process to be followed during the commissioning period are shown in the G&WPs. A summary is outlined below.

### Migration of existing Warrants into the Depository

- 7.2 In order for a Warrant to be lodged in the Depository it must be recorded on NYSE Liffe Guardian as “mobile” and printed on the NYSE Liffe secure paper.
- 7.3 To enable the Warrants currently in circulation to be lodged at the Depository in time for the first notice day of the May 2010 deliveries for both Cocoa and Robusta Coffee Futures Contracts, the Exchange will provide a commissioning period between 6 April 2010 and 30 April 2010 whereby Warrants may be lodged at the Depository free of charge. The Depository will provide facilities which can be used by Nominated Warehousekeepers and Nominated Members to lodge the Warrants printed on NYSE Liffe secure paper with the Depository. These facilities will be provided free of charge and will consist of dedicated rooms containing PCs with access to NYSE Liffe Guardian, printers and barcode scanners.
- 7.4 During the commissioning period the Exchange will allocate Nominated Warehousekeepers particular periods of time to be in attendance at the Depository. The Exchange will, during the remainder of March 2010, liaise with Nominated Members who are in possession of

existing Warrants to arrange appointments during the commissioning period for such Nominated Members to bring to the relevant Nominated Warehousekeepers the Warrants they wish to lodge with the Depository. When attending an appointment with the Nominated Warehousekeeper a Nominated Member must bring to the Depository:

- (a) the Warrants it wishes to lodge in batches of no more than 200 Warrants. Each batch should contain Warrants representing one commodity issued by one Nominated Warehousekeeper and stored in one Port or Delivery Area; and
- (b) for each batch, an Excel spreadsheet in both hard copy and electronic form, which details the Warrant number, the Nominated Warehousekeeper and the Port or Delivery Area for each of the Warrants contained in the batch. Each column in the spreadsheet should contain the relevant column headings of “Warrant Number”, “Nominated Warehousekeeper” and “Port”.

7.5 On receipt of the Warrants the Nominated Warehousekeeper will:

- (a) by reference to the hard copy spreadsheet, satisfy himself that all the Warrants in the batch are present;
- (b) with the aide of the electronic spreadsheet, and using the facilities available at the Depository and the processes detailed in the NYSE Liffe Guardian User Guide for Nominated Warehousekeepers, change the form of the Warrant on NYSE Liffe Guardian to “mobile” and reprint the Warrant on NYSE Liffe secure paper;
- (c) present to the Nominated Member the reprinted Warrants on NYSE Liffe secure paper in the same batch as presented to the Nominated Warehousekeeper and ordered so that the bar-code of each Warrant is positioned directly above the one below; and
- (d) dispose of the cancelled Warrants which have been replaced via this process.

7.6 Once in possession of the Warrants recorded as “mobile” on NYSE Liffe Guardian the Nominated Member will, using the facilities available at the Depository and the processes detailed in the NYSE Liffe Guardian User Guide for Members:

- (a) make a lodgment request on NYSE Liffe Guardian;
- (b) print out the Lodgment Request Form; and
- (c) present the Lodgment Request Form together with the relevant batch of Warrants, printed on NYSE Liffe secure paper, to the Depository.

7.7 When the Depository has accepted the Warrants printed on NYSE Liffe secure paper, it will update NYSE Liffe Guardian and reflect the status of the Warrants as “immobile”.

Action which can be taken ahead of the commissioning period

7.8 In order to save time spent at the Depository and to minimise the use of the resources of the Depository, Nominated Members may wish to arrange with the Nominated Warehousekeeper to reprint the Warrants on NYSE Liffe secure paper in advance of bringing them to the Depository during the commissioning period. The current Warrant will remain valid until it is exchanged for the new Warrant printed on NYSE Liffe secure paper.

7.9 A Nominated Member that wishes to take this course of action should send the relevant Warehousekeeper spreadsheets in electronic form which contain details of those Warrants that it wishes to be immobilised at the Depository. Each spreadsheet must contain no more than

200 Warrants. The Warrants must represent the same commodity stored in the same Port or Delivery Area. The spreadsheets should detail the Warrant Number, the Nominated Warehousekeeper and the Port or Delivery Area for each of the Warrants. Each column in the spreadsheet should contain the relevant column headings of “Warrant Number”, “Nominated Warehousekeeper” and “Port”.

- 7.10 On receipt of the electronic spreadsheet(s) the Nominated Warehousekeeper should, using the processes detailed in the NYSE Liffe Guardian User Guide for Nominated Warehousekeepers, update the status of the Warrant on NYSE Liffe Guardian from “paper” to “mobile” and reprint the Warrant on NYSE Liffe secure paper. The reprinted Warrants on NYSE Liffe secure paper should be stored securely by the Warehousekeeper and brought to the Depository at the appointed time.
- 8. Cocoa and Robusta Coffee for which the Warrant details are recorded on NYSE Liffe Guardian for the first time after the date of this Notice**
- 8.1 Following the issuance of this Notice, Warrants in respect of which the details are being recorded on NYSE Liffe Guardian for the first time should be recorded on NYSE Liffe Guardian as “mobile” and printed on NYSE Liffe secure paper.
- 8.2 During the commissioning period, lodgement of these Warrants should take place during the appointment made by the Exchange for the Nominated Member with the relevant Warehousekeeper. The Warrants should be batched as described in paragraph 7.4 above and should be accompanied by a Lodgement Request Form.
- 8.3 Appointments for the withdrawal of Warrants during the commissioning period should be made via the contacts listed below.

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

Chris Herman	+ 44 (0)20 7379 2367	<a href="mailto:cherman@nyx.com">cherman@nyx.com</a>
David Brignull	+ 44 (0)20 7379 2854	<a href="mailto:dbrignull@nyx.com">dbrignull@nyx.com</a>
Rob Hare	+ 44 (0)20 7379 2561	<a href="mailto:rhare@nyx.com">rhare@nyx.com</a>
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**LONDON INTERNATIONAL FINANCIAL FUTURES  
AND OPTIONS EXCHANGE**

**Grading and Warehousekeeping Procedures in respect of  
Cocoa and Robusta Coffee Futures Contracts**

**Issue Date: 26 March 2010**  
**Effective Date: 26 March 2010**



## **CONTENTS**

### **Section A Introduction**

### **Section B Interpretation**

### **Section C Statements of Principle in respect of Warehousekeepers Nominated by LIFFE for the Storage of Cocoa and Robusta Coffee**

### **Section D Warehousekeeping Procedures in respect of Warehousekeepers and Warehouses Nominated by LIFFE for the Storage of Cocoa and Robusta Coffee**

#### **D 1. General**

- D 1.1 LIFFE Warehousekeeping Operations
- D 1.2 Inspection of a Warehouse and Warehousekeeper
- D 1.3 NYSE Liffe Guardian
- D 1.4 Beneficial Interest
- D 1.5 Supervision of sampling
- D 1.6 Liability for Warehousekeepers and Supervision Companies
- D 1.7 Criteria for Approval as a Warehousekeeper
- D 1.8 Application to become a Warehousekeeper
- D 1.9 Application to add a Warehouse
- D 1.10 Annual Renewal of Nomination
- D 1.11 Resignation
- D 1.12 Insolvency
- D 1.13 Termination of Nomination
- D 1.14 Disciplinary Proceedings
- D 1.15 Role and Responsibilities of a Warehousekeeper
- D 1.16 Storage Requirements
- D 1.17 Maintenance of Records
- D 1.18 Stock Figures
- D 1.19 Movement of Goods and change in control of a Warehouse or Warehousekeeper - General Requirements and Procedures
- D 1.20 Change in control of Goods between different Warehousekeepers
  - Goods remaining in the same Warehouse
- D 1.21 Movement of Goods within the same Delivery Area
  - Warehouses under the control of the same Warehousekeeper
- D 1.22 Movement of Goods within the same Delivery Area for the purpose of fumigation
- D 1.23 Movement of Goods within the same Delivery Area
  - Warehouses under the control of different Warehousekeepers
- D 1.24 Movement of Goods across different Delivery Areas
  - Warehouses under the control of the same or different Warehousekeepers
- D 1.25 Insolvency or delisting of a Warehousekeeper causing movement or change in control of Goods
- D 1.26 Warehouse Charges

**D 2. Cocoa**

- D 2.1 Piling of Cocoa
- D 2.2 Identification of a Delivery Unit
- D 2.3 Weighing of a Delivery Unit
- D 2.4 Sampling of a Delivery Unit
- D 2.5 Sampling of Cocoa stored in Bags
- D 2.6 Sampling of Cocoa stored in Bulk
- D 2.7 Submission of a Sample
- D 2.8 Fumigation and Fogging
- D 2.9 Conversion of a Delivery Unit
- D 2.10 Conversion of a Nominated Delivery Unit
- D 2.11 Conversion of an Original Delivery Unit
- D 2.12 Re-bagging of Cocoa in Unsound or Damaged Bags
- D 2.13 Top-Up of a Delivery Unit

**D 3. Robusta Coffee**

- D 3.1 Piling of Robusta Coffee
- D 3.2 Identification of a parcel or lot
- D 3.3 Weighing of a parcel or lot
- D 3.4 Sampling of a parcel or lot
- D 3.5 Submission of a Sample
- D 3.6 Fumigation and Fogging
- D 3.7 Re-bagging of Robusta Coffee stored in Unsound or Damaged Bags

**Section E Grading Procedures in respect of Cocoa and Robusta Coffee**

**E 1. General**

- E 1.1 LIFFE Grading Operations
- E 1.2 Application and Qualification as a LIFFE Registered Cocoa or Robusta Coffee Grader
- E 1.3 Conduct of Graders
- E 1.4 Interested Parties
- E 1.5 Termination of Registration as a Grader
- E 1.6 Grading and Appeal Panels
- E 1.7 Grading Appeals
- E 1.8 Grading and Appeal Fees
- E 1.9 Liability for Grading
- E 1.10 Application for Grading or Re-grading
- E 1.11 Grading Process – General

**E 2. Cocoa**

- E 2.1 General
- E 2.2 Grading Process

**E 3. Robusta Coffee**

- E 3.1 General
- E 3.2 Grading Procedure
- E 3.3 Standards

**Section F Warrant Management Service**

**F 1. Introduction**

**F 2. Legal Rules**

**F 3. Issuing a Warrant and Initial Nomination of a Clearing Member**

- F 3.1 Issuing a Warrant
- F 3.2 Initial Nomination of a Clearing Member
- F 3.3 Re-Print of a Missing Warrant
- F 3.4 Immobilising a Warrant

**F 4. Change of Ownership**

**F 5. Change of Nominated Member**

**F 6. Change of Warrant Form**

**F 7. Take-ups**

**Schedule 1**

**Cocoa stored as Large Delivery Units prior to 1 August 2006**

**Schedule 2**

**Warrant form**

## **Section A**

### **Introduction**

- A 1. LIFFE Administration and Management, which administers the futures and options market known as “The London International Financial Futures and Options Exchange”, or “LIFFE”, is a Recognised Investment Exchange under the Financial Services and Markets Act 2000. The Financial Services Act 2000 requires a Recognised Investment Exchange to ensure, inter alia, that its Rules and practices will allow for business to be conducted in an orderly manner on its market, and so as to afford proper protection to investors.
- A 2. Further to the introduction of NYSE Liffe Clearing, LIFFE is authorised as a self-clearing Recognised Investment Exchange and provides clearing services in connection with transactions on the Exchange.
- A 3. Pursuant to Rule 4.14.7, the Board may implement Procedures in relation to any aspect of the organisation of, and conduct of business on, the market which is not expressly dealt with in the Rules.
- A 4. These Grading and Warehousekeeping Procedures prescribe in more detail the Procedures which must be followed in respect of Cocoa and Robusta Coffee Futures Contracts, as the case may be, and in respect of all Cocoa and Robusta Coffee, and have the same status with regard to enforceability as the Rules. These Procedures will apply whether or not the Owner contemplates the delivery of such Cocoa and Robusta Coffee against a Contract.
- A 5. Authority to amend these Procedures has been delegated by the Board to the Membership, Rules and Trading Committee. Any such amendments will be published by Notice.
- A 6. These Procedures should be read in conjunction with the Rules and the relevant contract terms and Administrative Procedures for the Cocoa or Robusta Coffee Futures Contracts, as the case may be. In the event of a conflict between a provision of these documents, the order of precedence shall be: the Rules, the relevant contract terms and Administrative Procedures and then these Procedures.

## **Section B**

### **Interpretation**

**B 1.** Terms defined in the Rules and the relevant contract terms shall have the same meaning in these Procedures, except where otherwise specified or defined in Procedure B 2.

**B 2. In these Procedures:**

“abnormal odour” means any disagreeable odour or any odour foreign to coffee.

“Appeal Panel” means a minimum of three Graders selected in accordance with Procedure E 1.6 from the list of LIFFE Registered Cocoa or Robusta Coffee Graders, as the case may be, to grade a sample which is the subject of a notice of appeal submitted to the Exchange in accordance with these Procedures.

“bag” shall, in respect of Robusta Coffee, mean a bag of a type described in Procedure D 3.1.1.1 (a).

“bean cluster” means, in respect of the Cocoa Futures Contract, two (or more) Cocoa beans which are joined together and which are unable to be split into two (or more) whole single Cocoa beans as a result of the exertion of reasonable hand pressure.

“block stow” means the storage of a fifty tonne pile of bagged Cocoa on a single layer of pallets such that all sides of the stack are accessible for sampling.

“Charge period” means a period of six calendar months, commencing on the first day of the fifth calendar month following any Reporting Day, being January to June (in respect of the August Reporting Day) and July to December (in respect of the February Reporting Day).

“Cocoa” means cocoa beans which are whole seeds of the cocoa tree (*Theobroma Cacao L*).

“coffee bean” means the dried seed of the coffee plant.

“contract terms” means the contract terms and Administrative Procedures of the Cocoa Futures Contract or the Robusta Coffee Futures Contract, as the case may be.

“Converted Delivery Unit” means a new Delivery Unit which is formed upon the conversion of part or all of a Nominated Delivery Unit.

“Converted Original Delivery Unit” means a new Delivery Unit which is formed upon the conversion of an Original Delivery Unit, and shall include, unless the context otherwise requires, a Converted Delivery Unit.

“CSP” means a clearing service provider appointed pursuant to LIFFE Rule 1.1.3 (or any successor rule thereto) from time to time to provide certain clearing services to the Exchange.

“Defects” means, in respect of Robusta Coffee, any defect determined to be a defect by the LIFFE Registered Robusta Coffee Graders pursuant to Contract Term 4.04.

“Delivery Unit” means a Standard Delivery Unit, a Large Delivery Unit or a Bulk Delivery Unit. A Delivery Unit must comprise Cocoa of the same Origin and Shipment Period.

“Depository” means any person designated by the Exchange to receive, hold and administer Warrants in immobilised form; details of such persons shall be notified by Notice from time to time.

“Dual Capacity Warehousekeeper” means a Warehousekeeper which has been nominated by the Exchange in its absolute discretion to store in its Warehouse Goods piled as parcels, lots or Standard, Large or Bulk Delivery Units and to record details of the relevant Warrants on NYSE Liffe Guardian and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice.

“Exchange” means LIFFE Administration and Management.

“Exchange official” means any employee of the Exchange.

“FIBC” shall mean Flexible Intermediate Bulk Container of a type described in Procedure E 3.1.2.1 (a) (ii).

“Fogging” means the application within a Warehouse of a chemical agent designed to eradicate insect infestation either on or around the Goods.

“Fumigation” means the use of either a chemical agent and/or a process designed to eradicate insect infestation either on and/or within the Goods.

“GATS” means the electronic grading, tender and delivery system, that has been succeeded by NYSE Liffe Guardian.

“Goods” means either Cocoa or Robusta Coffee, details of which are represented by the Warrants recorded on NYSE Liffe Guardian.

“Grader” means a LIFFE Registered Cocoa or Robusta Coffee Grader, as the case may be, registered with the Exchange in accordance with Procedure E 1.2.

“Grading Panel” means a minimum of three Graders selected in accordance with Procedure E 1.6 from the list of LIFFE Registered Cocoa or Robusta Coffee Graders, as the case may be, to grade a sample submitted to the Exchange in accordance with these Procedures.

“Grading Room” means the LIFFE Grading Room.

“grading sample” means, in respect of Robusta Coffee, a quantity of not less than 1.5 kilograms of Robusta Coffee obtained pursuant to Procedure D 3.4.9 or D 3.4.10.

“Grading Station” means the workbench where a Grading Panel or Appeal Panel grade a sample of Cocoa or Robusta Coffee.

“grouped lot” shall mean two to five lots of Robusta Coffee which have been declared by the Owner and Member and confirmed by the Warehousekeeper as a grouped lot for grading purposes; the Robusta Coffee of which is from one Origin, ex one Vessel, shipped on one Bill of Lading, and stored in the same Warehouse under the control of the same Warehousekeeper. The results obtained by collectively grading samples from grouped lots under Procedure D 3.4.2 shall apply to the individual lots.

“industry sample” means any material drawn from Goods stored in a Warehouse for purposes other than submission to the LIFFE Grading Room for grading.

“laboratory sample” means the quantity of not less than 300 grams removed from the grading sample pursuant to Procedure E 3.2.2.3 or E 3.2.3.5.

“Lodgement Request Form” means the document produced by NYSE Liffe Guardian when the Nominated Member requests the immobilisation of a Warrant in NYSE Liffe Guardian. This Lodgement Request should be attached to the Warrants when presented to the Depository.

“Lodgement Statement” means the report produced by NYSE Liffe Guardian and issued by the Depository when it accepts the lodgement of Warrants.

“London Agent” means a person acceptable to the Exchange who is authorised by the appointing Warehousekeeper for the purposes of updating rent payments on NYSE Liffe Guardian, amendment of documents issued by the appointing Warehousekeeper and for the service of process so that the Exchange and Owners may rely upon the acts of such London Agent without further enquiry.

“lot” has the meaning attributed to it in Contract Term 2.02 of Robusta Coffee Contract.

“LoU” means the Letter of Undertaking for a LIFFE Registered Cocoa or Robusta Coffee Grader, as the case may be.

“Movement Out Charge” means the fee charged by a Warehousekeeper in respect of the movement of a lot of Robusta Coffee (in bags or FIBCs) or a Delivery Unit of Cocoa (in bags and/or in bulk) from within a Warehouse on to a truck or lorry.

“Nominated Delivery Unit” means each Delivery Unit to be converted by or on behalf of the Seller as notified to the Exchange under Cocoa Contract Term 12.04(a) or (b).

“Nominated Member” means a Clearing Member who, on behalf of an Owner, has been nominated by a Warehousekeeper or another Nominated Member in respect of the registration on NYSE Liffe Guardian of a Warrant that is to be, or has been, immobilised.

“NYSE Liffe Clearing” means the division within the Exchange responsible for its clearing activities.

“NYSE Liffe Guardian” means the electronic system relating to the grading, tender, delivery and warrant management services, or any successor thereto, which amongst other things, records details on a Warrant relating to Cocoa and Robusta Coffee stored in a Warehouse for delivery under a contract.

“Original Delivery Unit” means a Delivery Unit which is converted into one or more Converted Original Delivery Units, and shall include, unless the context otherwise requires, a Nominated Delivery Unit in accordance with the Cocoa contract terms.

“Owner” means, subject to section F 2.4.1, the person recorded as such on NYSE Liffe Guardian for the Goods to which a Warrant relates. A person may act as both Owner and Nominated Member for the same Warrant.

“parcel” means, in respect of Robusta Coffee, all or any portion of a shipment of Robusta Coffee of one Origin, one class, ex one vessel, shipped on one Bill of Lading to the same destination and which is stored in one Warehouse.

“Preliminary sample” is the material initially drawn from the Cocoa and Robusta Coffee.

“Published List of Rent and Movement Out Charges” means a list so titled and published by the Exchange from time to time on the NYSE Euronext website ([www.nyx.com/liffe](http://www.nyx.com/liffe)) containing, by delivery area or port as applicable, details of the maximum Rent and Movement Out Charges per tonne levied by



Warehousekeepers in respect of Robusta Coffee in bags or FIBCs and for Cocoa in both bags and/or in bulk.

“Quartering” is the process by which sample material is mixed thoroughly and reduced by use of an appropriate riffle box or similar equipment so that the resulting reduced material is proportionally the same in all aspects as the original sample material. A “quartered sample” is a sample which has been created by quartering.

“Related Company” means a subsidiary or parent company or any subsidiary or parent company thereof which form part of a group of companies.

“Rent” means a periodic fee (not including any other charges) which a Warehousekeeper shall be entitled to charge in respect of the storage of a lot of Robusta Coffee (in bags or FIBCs) or a Delivery Unit (either in bags and/or in bulk) of Cocoa in a Warehouse and which is levied pursuant to the Grading and Warehousekeeping Procedures.

“Reporting Day” means the last business day in February and August respectively, being the day by which Warehousekeepers must inform the Exchange in writing of, or any changes to, their maximum Rent and Movement Out Charges in respect of each delivery area or port as applicable for the next Charge Period following such Reporting Day,

“Robusta Coffee” shall mean coffee of the botanical species *Coffea canephora* Pierre ex A. Froehner, with some varieties and cultivars of these species.

“Rules” means the Rules of LIFFE.

“secure paper” means paper which has special security features and is provided by the Exchange to the Warehousekeeper for the sole purpose of printing a Warrant using NYSE Liffe Guardian and must not be used for any other purpose.

“Senior Grader” means a Grader of sufficient knowledge and experience, recognised as such by the Exchange in consultation with existing Senior Graders.

“shipment period” means, in respect of Robusta Coffee, the crop year for the country of origin of Robusta Coffee as defined by the International Coffee Organisation.

“Single Capacity Warehousekeeper” means a Warehousekeeper which has been nominated by the Exchange in its absolute discretion to store in its Warehouse Goods piled as parcels, lots or Standard and Large Delivery Units and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice.

“Supervision Company” is a company whose business is the supervision and/or inspection of goods and which is appointed by the Exchange for the purposes of performing inspections on behalf of the Exchange.

“Supervisor” is a person employed exclusively by a Supervision Company and who is nominated by the Exchange to have sufficient experience and expertise in the sampling of Cocoa and Robusta Coffee.

“Top up” means the addition of material to a Delivery Unit which has fallen below the relevant weight tolerance as specified in the contract terms.

“Warehouse” means a warehouse in respect of which a Warehousekeeper has been nominated by the Exchange in its absolute discretion to store Goods and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice. A Warehouse shall, for the purposes of nomination under the Grading and Warehousekeeping Procedures, be a single structure designed or modified for the purpose of storing Goods, or groups of such structures connected by internal doors allowing for the passage of the relevant Goods. Where there are no such interconnecting doors between such structures these shall be nominated as separate Warehouses.

“Warehousekeeper” means either a Single or Dual Capacity Warehousekeeper which has been nominated by the Exchange in its absolute discretion to store in its Warehouse Goods piled as either parcels, lots, Standard and Large Delivery Units or Standard, Large or Bulk Delivery Units, as the case may be, and to record such details that are represented by the Warrant on NYSE Liffe Guardian and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice.

“Warrant” means a Warrant for the delivery of a parcel, lot, or Delivery Unit stored in a Warehouse which authorises the possessor of such document to transfer or receive the parcel, lot or Delivery Unit referred to therein.

“Withdrawal Request Form” means the document produced by NYSE Liffe Guardian when the Nominated Member selects within NYSE Liffe Guardian the Warrants to be withdrawn from the Depository.

“Withdrawal Statement” means the report produced by NYSE Liffe Guardian when a Nominated Member requests the withdrawal of Warrants from the Depository in NYSE Liffe Guardian..

B 3. In these Procedures, a reference to:

- (a) the singular includes the plural and vice versa (unless the context otherwise requires);
- (b) a time of day is a reference to the time in London, unless a contrary indication appears;

- (c) a Procedure, unless the context otherwise requires, is a reference to a Procedure hereof as modified from time to time;
- (d) a term, unless the context otherwise requires, is a reference to a term of the relevant futures Contract as modified from time to time; and
- (e) a Rule, unless the context otherwise requires, refers to a Rule of the Exchange's Rules as modified from time to time.

B 4. The headings in these Procedures do not affect their interpretation.

B 5. Any reference in these Procedures to a statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time whether before or after the date these Procedures come into effect and any subordinate legislation made or other thing done under the statutory provision whether before or after the date these Procedures come into effect.

## Section C

### **Statements of Principle in respect of Warehousekeepers Nominated by LIFFE for the Storage of Cocoa and Robusta Coffee**

- C 1. The following are a statement of the standards expected of a Warehousekeeper nominated by the Exchange for the storage of Goods. These standards are not exhaustive of the standards expected. Observance of these standards by a Warehousekeeper does not absolve a failure to observe other requirements specified in these Procedures or elsewhere, furthermore observance of such other requirements does not necessarily amount to conformity with these Statements of Principle.
- C 2. Failure to observe these standards may result in either, an instruction by the Exchange for remedial action to be taken by the Warehousekeeper to ensure observance and/or, disciplinary action being instigated.
- C 3. A Warehousekeeper:
- (a) shall at all times observe high standards of integrity and shall not perform any actions which may disadvantage any current or potential owner of Goods stored within his Warehouse;
  - (b) shall observe high standards of conduct, complying with any Procedures or requirements of the Exchange and any state or local requirements that may be relevant to the storage of Cocoa and Robusta Coffee in force at any particular time;
  - (c) should either avoid any conflict of interest or, where conflict arises, should ensure fair treatment to any owner of Goods stored within his Warehouse;
  - (d) should ensure that it maintains adequate financial resources to provide continuity in the provision of services for any current and potential owner of Goods stored within his Warehouse, and makes such other financial provisions as may be prescribed by the Exchange from time to time for the protection of any owner's interests;
  - (e) should ensure that all Goods stored for potential delivery against the Cocoa or Robusta Coffee Futures Contract are properly segregated and identified, and that proper action has been taken to protect such Goods against potential risks to their security and integrity;
  - (f) should organise and control its internal affairs in a responsible manner, keeping proper records, and should have adequate arrangements to ensure that persons employed by the Warehousekeeper to perform duties relating to the storage of Goods are suitable, adequately trained

and properly supervised and that well-defined procedures exist for all relevant duties; and

- (g) shall deal with the Exchange in an open and co-operative manner and keep the Exchange promptly informed of anything concerning the Warehousekeeper or, Goods stored within his Warehouse which might reasonably be expected to be disclosed to the Exchange.

## **Section D**

### **Warehousekeeping Procedures in Respect of Warehousekeepers and Warehouses Nominated by LIFFE for the storage of Cocoa and Robusta Coffee**

#### **D 1. GENERAL**

##### **D 1.1 LIFFE Warehousekeeping Operations**

D 1.1.1 The warehousekeeping operations necessary to support the LIFFE Cocoa Futures and Robusta Coffee Futures Contracts are supervised by NYSE Liffe Clearing.

D 1.1.2 In respect of warehousekeeping operations, NYSE Liffe Clearing is responsible for:

- (a) listing or delisting Warehousekeepers on the Exchange's List of Nominated Warehousekeepers and Nominated Warehouses;
- (b) the approval of a Warehouse;
- (c) the publication of the List of Nominated Warehousekeepers, Nominated Warehouses, the Published List of Rent and Movement Out Charges and publication of Certified Stock reports per port or Delivery Area;
- (d) the inspection of the internal management controls and operating procedures of Warehousekeepers and the inspection of related Warehouses; and
- (e) monitoring the compliance by Warehousekeepers and Members with the Rules, the relevant contract terms, these Procedures and any other such Procedures as may be issued by the Board from time to time.

##### **D 1.2 Inspection of a Warehouse and Warehousekeeper**

D 1.2.1 The Exchange operates an inspection programme in respect of which it aims to inspect each Warehouse and Warehousekeeper on a regular basis.

D 1.2.2 In addition, a Warehouse or a Warehousekeeper may be inspected at any other time, at the absolute discretion of the Exchange.

D 1.2.3 The inspection has six primary objectives:

- (a) to satisfy the Exchange that a Warehouse is in good order and to verify that any faults previously identified have been corrected;

- (b) to ensure that the storage of Goods complies with the relevant contract terms and these Procedures;
- (c) to satisfy the Exchange that the Warehousekeeper has adequate Procedures for the receipt, storage, sampling, weighing and delivery out of Goods to ensure compliance with the relevant contract terms and these Procedures;
- (d) to verify that sufficient appropriate documentary records are properly maintained by the Warehousekeeper to ensure an audit trail of the history of the Goods can be constructed;
- (e) to verify that sufficient appropriate documentary records are properly maintained by the Warehousekeeper in relation to Rent and Movement Out Charges charged by the Warehousekeeper during any Charge Period and to satisfy the Exchange that the Warehousekeeper is, or has been, complying with Procedure D 1.26 in relation to the application of those charges; and
- (f) to verify the proper maintenance of information in respect of Goods stored by the Warehousekeeper, details of which are represented by the Warrants recorded on NYSE Liffe Guardian.

- D 1.2.4 The inspectors shall be employees of the Exchange who it considers to be properly qualified to conduct Warehouse inspections or, such other persons appointed by the Exchange whom it considers to be properly qualified and with no material or financial interest in any Warehousekeeper, or in Goods stored by such Warehousekeeper.
- D 1.2.5 The Exchange will give instructions to the Warehousekeeper in respect of the rectification of any faults that are found and of any subsequent inspection considered necessary.
- D 1.2.6 Exchange inspectors have no obligation to inspect the condition, external or otherwise, of Goods stored by the Warehousekeepers, nor to make their findings known to the Owner of the Goods.
- D 1.2.7 A Warehousekeeper shall allow representatives of the Exchange to inspect the Warehouse (or premises that were previously nominated by the Exchange), its facilities for the receipt and delivery of any Goods and the Warehousekeeper's records relating to the Warehouse and the Goods currently or previously stored within it, and the records relating to the Rent and Movement Out Charges levied by it during normal working hours. The Exchange may, at its absolute discretion, make or request copies of any such records.
- D 1.2.8 A Warehousekeeper shall allow the Owner to inspect the Goods referred to therein during normal working hours.

**D 1.3 NYSE Liffe Guardian**

D 1.3.1 A Warehousekeeper shall, where information is to be made available to or by him via NYSE Liffe Guardian, comply with the applicable procedures relating to the operation and maintenance of that data system, such procedures being issued by LIFFE.

D 1.3.2 A Warehousekeeper shall ensure that a sufficient number of members of his staff are competent in the operation of NYSE Liffe Guardian or that he has arrangements in place for the operation of NYSE Liffe Guardian via a third party.

D 1.3.3 A Warehousekeeper shall,

(a) when submitting a sampling notification to the Exchange in respect of the initial grading, , enter on to NYSE Liffe Guardian, as a minimum the following Warrant details as specified in F.3.1.1:

- (i) Port;
- (ii) Warehousekeeper;
- (iii) Warrant Number;
- (iv) Commodity;
- (v) Vessel; and
- (vi) Origin.

In addition, the Warehousekeeper shall also enter on to NYSE Liffe Guardian the following details;

- (vii) Delivery Unit (Cocoa only); and
- (viii) Crop year.

Subject to Procedures D 2.4.2 (c) and D 3.4.2 (c) the following details shall be entered on to NYSE Liffe Guardian by the Warehousekeeper no later than two business days after the sample has been received at the Grading Room:

- (ix) In respect of Cocoa or Robusta Coffee stored in bags, the number of bags comprising the parcel, lot or Delivery Unit;
- (x) Warehouse in which stored;
- (xi) Final day of landing;



- (x) Date on which delivery into the Warehouse was completed;
  - (xi) Date of weighing (in the case of a Cocoa Bulk Delivery Unit this should be taken as the date on which weighing was completed);
  - (xii) Gross weight and tare;
  - (xiii) Number and date of issue of the Bill(s) of Lading for the shipment of the Cocoa or Robusta Coffee from Origin,
  - (xiv) Owner;
  - (xv) whether the Cocoa or Robusta Coffee are subject to preferential or non-preferential rate of duty; and
  - (xvi) Where the Cocoa or Robusta Coffee are subject to preferential duty, that the documents referred to in the relevant contract terms are available in accordance with those terms.
- (b) where a Delivery Unit is the subject of an application for re-grading, prior to the taking of a sample for submission to the Grading Room and in accordance with Procedure D 1.3.4, ensure that all details recorded on NYSE Liffe Guardian relating to the Delivery Unit are accurate and up to date.

D 1.3.4 A Warehousekeeper shall ensure that all details of Warrants recorded on NYSE Liffe Guardian relating to Goods are correct and, when necessary, updated promptly. Such updates may include, without limitation, revised weights and date of weighing, sampling details including industry samples, revisions in respect of re-piling or conversion of a Delivery Unit and deletion of the record of the Warrant from the system following the removal of Goods from the Warehouse. For the avoidance of doubt, where all or part of the Goods comprising a Lot or Delivery Unit are removed from the Warehouse the record of the relevant Warrant must be removed from NYSE Liffe Guardian.

D 1.3.5 A Warehousekeeper shall ensure that at all times the information recorded on NYSE Liffe Guardian accurately reflects the rent paid in respect of any Warrant.

D 1.3.6 Warrants on NYSE Liffe Guardian

D 1.3.6.1 A Warehousekeeper shall be responsible for the issue of Warrants in respect of Goods stored by the Warehousekeeper in a Warehouse. A Warrant must be issued and printed prior to the initial grading of the Goods.

D 1.3.6.2 When nominating the Clearing Member on NYSE Liffe Guardian the Warehousekeeper shall be responsible for entering the name of the Owner on NYSE Liffe Guardian.

**D 1.4 Beneficial Interest**

D 1.4.1 If either the member or, if he is not the Owner of the Goods, the Owner on whose behalf the member is making an application for grading under Procedures D 2.4.1 or D 3.4.1, and E 1.10:

- (a) has an interest of 5 per cent or more in the capital of;
- (b) is a partner of; or
- (c) has any other financial interest in,

the Warehousekeeper storing the Goods, the Nominated Member, or the Owner of the Goods, as the case may be, shall inform the Warehousekeeper and the Exchange of that fact. Where the Warehousekeeper has knowledge of any beneficial interest it shall be obliged to inform the Exchange as soon as the Warehousekeeper becomes aware.

**D 1.5 Supervision of Sampling**

D 1.5.1 The Exchange may at its absolute discretion, supervise, or have supervised by a Supervision Company the sampling of any Goods stored in a Warehouse.

D 1.5.2 Following the notification of sampling under Procedures D 2.4.2 or D 3.4.2 the Exchange may request a Supervision Company to appoint a Supervisor to supervise the drawing (and if required quartering) and sealing of the sample at the Exchange's expense subject to the provisions of Procedure D 1.5.7.

D 1.5.3 Where the Exchange has determined in accordance with Procedure D 1.5.2 that sampling notified under Procedures D 2.4.2 or D 3.4.2 will be supervised and has notified the Warehousekeeper of such determination, the Warehousekeeper shall provide the Exchange with information as requested and in a form determined by the Exchange from time to time.

D 1.5.4 The Exchange will advise the Supervision Company and the Warehousekeeper of the appointment and the Exchange reference number. The Exchange reference number may be for Goods which are:

- (a) stored on a specific Warrant; or
- (b) stored on a number of Warrants; or
- (c) covered by one or more Bill(s) of Lading or similar document and are due to be stored or already stored by the Warehousekeeper.

- D 1.5.5 The Warehousekeeper shall advise the Exchange and Supervision Company of any changes to the details supplied in accordance with Procedure D 1.5.2 and D 1.5.3 immediately upon the Warehousekeeper becoming aware of such changes.
- D 1.5.6 On occasions where the Exchange has advised the Warehousekeeper that supervision of a sampling operation is to occur under these Procedures, the Warehousekeeper shall allow Supervisors and/or Exchange officials, access to the relevant Goods and documents for the purpose of supervising the sampling.
- D 1.5.7 When the Exchange appoints a Supervision Company to supervise sampling, the sampling operation covering the sampling of Goods under a specific Exchange reference number may only start in the Warehouse(s) during normal Port or Delivery Area working hours. In the event that the Warehousekeeper or Owner wishes to sample outside of normal Port or Delivery Area working hours and subject to Procedures D 2.4.3 and D 3.4.3 any additional cost of supervision incurred by the Exchange shall be for the account of the Warehousekeeper.
- D 1.5.8 The Exchange may, and at its sole discretion, specify the start time and date of any sampling operation. If the Exchange specifies a start time and date for a sampling operation which is outside of normal Port or Delivery Area working hours, any additional costs incurred by the Warehousekeeper shall be for the account of the Exchange.
- D 1.5.9 In the event that the Supervisor is not in attendance at the specified time and place, the Warehousekeeper shall immediately advise the Exchange and may start sampling at the agreed time.

**D 1.6 Liability for Warehousekeepers and Supervision Companies**

- D 1.6.1 Without prejudice to any exclusion of liability provision in the Rules, neither the Exchange nor the Board shall be liable for any loss or damage whatsoever, whether for negligence, breach of contract, misrepresentation or otherwise, in respect of any failure whatsoever by a Warehousekeeper, Member or Depository to comply with any of its obligations under the Rules, the relevant Contract terms or these Procedures, including (without prejudice to the generality of the foregoing):
- (a) any failure by a Warehousekeeper, Member or Depository to comply with its obligations in relation to the use of the Warrant service provided in NYSE Liffe Guardian;
  - (b) any failure by a Warehousekeeper or Supervision Company to comply with its obligations;

- (c) any failure by a Warehousekeeper to comply with its obligations under the Rules, the relevant contract terms or these Procedures, or of any responsibilities which he may assume towards Members or any other person pursuant to the terms of any receipt, Warrant or contract, or in respect of the condition of a Warehouse or its suitability for the storage of Goods; or
- (d) any failure by a Warehousekeeper to comply with its obligations pursuant to Procedure D 1.26 (irrespective of whether or not the Exchange or the Board has taken disciplinary or enforcement action against a Warehousekeeper in respect of such failure).

D 1.6.2 Nothing in this provision shall operate to exclude or restrict the liability of the Exchange or the Board for fraud or wilful default.

D 1.6.3 Parties placing Cocoa or Robusta Coffee into a Warehouse or taking delivery of Cocoa or Robusta Coffee in or from such Warehouse shall accordingly have no claim against either the Board, the Exchange, or any committee or employee thereof.

#### **D 1.7 Criteria for Approval as a Warehousekeeper**

D 1.7.1 For a Warehousekeeper to be approved as a Warehousekeeper and in order to maintain that status, the Exchange must be satisfied that he:

- (a) carries on business in a port or Delivery Area where Warehouses are eligible for nomination under the relevant contract terms;
- (b) is of sufficient business and financial standing, meets the financial requirements prescribed by the Exchange from time to time and has in place a performance bond as prescribed by the Exchange from time to time for the protection of an Owner's interests (or such other financial provisions as may be prescribed by the Exchange from time to time). The Exchange may, at any time, request information regarding the financial status of a Warehousekeeper;
- (c) has been, or is part of a Related Company that has been, a Warehousekeeper for a reasonable period. A reasonable period will usually be considered to be at least two years, with a minimum of one year's experience of storing either Cocoa or Robusta Coffee or both, or that the Warehousekeeper employs staff with such experience;
- (d) has in place the necessary procedures and management controls to ensure his compliance with the Rules, the relevant contract terms and these Procedures for the classification of Warehousekeeper in respect of which he is or is seeking to be nominated;

- (e) shall organise and control his affairs in a responsible manner, keep proper records, have well defined procedures for handling and storing Cocoa and Robusta Coffee and ensure that his employees, contractors or agents are suitable, adequately trained and properly supervised;
- (f) has in place such insurance as shall be specified by the Exchange in its absolute discretion from time to time;
- (g) where applicable, is licensed to issue a Warrant for the delivery of Cocoa or Robusta Coffee to the bearer of the Warrant, by a National or State licensing authority, and shall not breach any applicable National or State law;
- (h) has satisfactory communication and office facilities for the production of Warrants and such other documents relating to delivery;
- (i) shall undertake to use NYSE Liffe Guardian, either directly or via a third party, prior to taking Goods into store and piling them for potential delivery against positions in the Cocoa or Robusta Coffee Futures Contract, as the case may be;
- (j) shall undertake to appoint a London agent where deemed necessary at the absolute discretion of the Exchange; and
- (k) satisfies any other requirements that the Exchange may prescribe from time to time.

D 1.7.2 In respect of a Warehousekeeper who is, or who is seeking to be approved as a Dual Capacity Warehousekeeper, in addition to the above, the Exchange must also be satisfied that he:

- (a) has, or is part of a Related Company that has, adequate experience of the handling of bulk Cocoa, or that the Warehousekeeper employs staff with such experience; and
- (b) possesses or has access to equipment and bags to enable compliance with the requirements of Procedure D 1.16.8.

D 1.7.3 Pursuant to Procedure D 1.7.1(e), a Warehousekeeper shall have appropriate and detailed procedures to evaluate on a continuing basis the suitability of senior management, which for the purposes of this Procedure includes any director, partner, sole practitioner, senior manager or any other individual whose position enables them to assert a material influence over the management of the Warehousekeeper's operation. Such procedures shall include, but are not limited to, an assessment against the criteria detailed below:

- (a) whether any such person has been convicted of any criminal offence. Particular consideration should be given to offences of dishonesty, fraud, financial crime or other offences relating to companies, insolvency, money laundering, market manipulation or insider dealing;
- (b) whether any such person has been the subject of an adverse finding or any settlement in civil proceedings particularly in connection with the formation or management of a body corporate;
- (c) whether any such person has been the subject of, or has been interviewed in the course of, any existing or previous investigation or disciplinary proceedings by a regulatory authority, clearing house or exchange, professional or trade body, or government body or agency;
- (d) whether any such person has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any potential proceedings or of any investigation which might lead to those proceedings;
- (e) whether any such person has been involved with a company, partnership or other organisation that has been refused registration, authorisation, membership or a licence to carry out a trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated, or has been expelled by a regulatory or government body;
- (f) whether any such person has been a director, partner, or has been concerned in the management, of a business that has gone into insolvency, liquidation or administration while the person has been connected with that organisation or within one year of that connection;
- (g) whether any such person has been dismissed, or has been asked to resign and resigned, from employment or from a position of trust, fiduciary appointment or similar;
- (h) whether any such person has ever been disqualified from acting as a director or from acting in any managerial capacity; and
- (i) whether any such person being an individual has ever been declared bankrupt or has made any arrangement or composition with his creditors.

D 1.7.4 Where a Warehousekeeper assesses that any criterion detailed in Procedure D 1.7.3 has been met by any person in a senior management position, the Warehousekeeper shall immediately notify the Exchange with details of all facts and circumstances surrounding the assessment including:

- (a) whether the Warehousekeeper believes, notwithstanding that one or more of the criteria has been met, that the person remains suitable for senior management; and, if so
- (b) the reasons, facts, or circumstances why the Warehousekeeper believes the person remains suitable.

D 1.7.5 In order to satisfy itself that a prospective or existing Warehousekeeper fulfils the criteria detailed in this Procedure D 1.7, the Exchange may seek references from any organisation or body it considers appropriate (e.g. members, other Warehousekeepers, bankers or Dun & Bradstreet).

## **D 1.8 Application to become a Warehousekeeper**

D 1.8.1 To be approved and to remain approved as a Warehousekeeper an applicant must:

- (a) meet the criteria for approval specified in Procedure D 1.7 for the classification of Warehousekeeper in respect of which he is applying;
- (b) sign the Terms and Conditions of Appointment for Nominated Warehousekeepers; and
- (c) register at least one Warehouse suitable for the storage of Goods. For the avoidance of doubt, a Warehousekeeper wishing to remain on the list of Nominated Warehousekeepers will be required to have at least one Warehouse in respect of which he is the Nominated Warehousekeeper.

D 1.8.2 To apply for nomination the applicant shall complete a Nominated Warehousekeeper's Application Form and submit it to the Exchange together with a copy of his latest accounts and such other documents as the Exchange may require. To support the application, the Exchange will require references from a minimum of two persons who have stored Cocoa or Robusta Coffee with the applicant within the previous two years. The Exchange may, at any time, request information from the Warehousekeeper as to any matter relevant to preserving the integrity of the contract.

D 1.8.3 The Exchange will, when considering an application or readmission, and at the applicant's expense, inspect the facilities which are the subject of the application.

D 1.8.4 A successful applicant will be required to sign the Terms and Conditions of Appointment of Nominated Warehousekeepers.

D 1.8.5 Subject to Procedure D 1.8 being completed satisfactorily and upon payment of both the annual Nominated Warehousekeeper Fee and the annual Nominated Warehouse Fee, as determined by the Exchange from time to time,

and having made such other financial provisions as may be prescribed by the Exchange from time to time for the protection of an Owner's interests, the applicant will be added to the List of Nominated Warehousekeepers and Nominated Warehouses published by the Exchange from time to time.

**D 1.9            Application to add a Warehouse**

- D 1.9.1        To have a Warehouse approved and for such Warehouse to remain approved, the applicant Warehousekeeper must ensure that it meets the requirements specified in Procedure D 1.16 for the classification of Warehouse in respect of which he is applying.
- D 1.9.2        To apply for nomination of a Warehouse the applicant shall complete a Nominated Warehouse Application Form and submit it to the Exchange together with such other documents as the Exchange may require.
- D 1.9.3        The Exchange will, at the applicant's expense, inspect the facilities which are the subject of the application when considering the application.
- D 1.9.4        Subject to Procedure D 1.9 being completed satisfactorily, the Warehouse will be added to the List of Nominated Warehousekeepers and Nominated Warehouses.

**D 1.10          Annual Renewal of Nomination**

- D 1.10.1       In order for the Warehousekeeper to continue to be eligible for nominated status, the Warehousekeeper is required to submit to the Exchange each year an Application Form for Renewal of Appointment to the LIFFE List of Nominated Warehousekeepers and Warehouses. This must be completed and received by the Exchange by 31 March each year, or on such other date as may be notified by the Exchange.
- D 1.10.2       A Warehousekeeper shall notify the Exchange immediately if he has reason to believe that any of the information supplied to the Exchange in the original Nominated Warehousekeepers Application Form or the annual Nominated Warehousekeepers Renewal Form has ceased to be accurate, or, if he ceases to comply with the requirements stated in these Procedures.
- D 1.10.3       A Warehousekeeper shall pay to the Exchange both the annual Nominated Warehousekeeper Fee and the annual Nominated Warehouse Fee, as determined by the Exchange, by no later than 31 March each year, or on such other date as may be notified by the Exchange.

**D 1.11          Resignation**

- D 1.11.1       A Warehousekeeper wishing to resign from his nominated status shall give six months notice in writing to the Exchange.



- D 1.11.2 Before the resignation of a Warehousekeeper can be accepted he will be required to confirm in writing to the Exchange that he no longer has any Goods with a Valid Grading Results held in Warehouses under his control or; either
- (a) he has received the consent of all current holders of the relevant Warrants for the Goods to be transferred in accordance with Procedures D 1.19 and D 1.20, D 1.23 D 1.24 or D 1.25, as the case may be, into the control of another Warehousekeeper; or
  - (b) he has received the agreement of the current holders of the relevant Warrants that the Goods will no longer be stored in a Warehouse.
- D 1.11.3 Any movement or change in control of Goods which have a Valid Grading Result which are required to be made by the Warehousekeeper must comply with Procedures D 1.19 and D 1.20, D 1.21 D 1.23 or D 1.24, as the case may be.
- D 1.11.4 Any costs incurred in connection with the movement or change in control of Goods necessitated by the resignation of the Warehousekeeper shall be for the account of the Warehousekeeper.
- D 1.12      Insolvency**
- D 1.12.1 The Exchange must be informed immediately, in writing, either directly by the Warehousekeeper or via the appointed liquidator or receiver, as the case may be:
- (a) where the Warehousekeeper is a company, if the Warehousekeeper passes a resolution for its winding up or a court of competent jurisdiction makes an order for the Warehousekeeper's winding up or dissolution;
  - (b) where the Warehousekeeper is a partnership, if the Warehousekeeper is dissolved;
  - (c) if the Warehousekeeper fails to pay any sum due and payable or suspends any payment;
  - (d) of the making of an administration order in relation to the Warehousekeeper or the appointment of a receiver over, or an encumbrancer taking possession of or selling, an asset of the Warehousekeeper;
  - (e) if the Warehousekeeper makes an arrangement or composition with its creditors generally or makes an application to a court of competent jurisdiction for protection from its creditors generally;

- (f) of the making of a bankruptcy order against the Warehousekeeper; or
- (g) if the Warehousekeeper is subject to any other insolvency or bankruptcy procedure under the Insolvency Act 1986 or Insolvent Partnerships Order 1994 or an analogous procedure under the law of the jurisdiction in which the Warehousekeeper is incorporated or any jurisdiction in which it carries on business.

For these purposes the “winding up” or “dissolution” of a company or partnership, an “administration order” or “bankruptcy order” is to be construed so as to include any equivalent or analogous proceedings or orders under the law of the jurisdiction in which the Warehousekeeper is formed or any jurisdiction in which it carries on business.

- D 1.12.2 Upon receiving a notification under Procedure D 1.12.1, the Exchange will immediately suspend the Warehousekeeper from the List of Nominated Warehousekeepers and Nominated Warehouses and shall publish such information by Notice. The suspended Warehousekeeper will continue to be bound by the Exchange’s requirements and the Exchange may give directions as to the status and disposal of Warrants issued by the suspended Warehousekeeper which relate to Goods stored for potential delivery against the Cocoa or Robusta Coffee Futures Contract.
- D 1.12.3 Following the suspension of the Warehousekeeper the Exchange will where possible and at its absolute discretion transfer the registration of the Warehouse(s) from the Warehousekeeper who has been suspended to another Warehousekeeper who has made an application to the Exchange to register such Warehouse(s) and to assume control of any Goods stored in such Warehouse(s). Any Goods which are stored in the Warehouse(s) will, with the consent of the Owner of the Goods pass into the control of the Warehousekeeper to whom the registration of the Warehouse(s) has been transferred.
- D 1.12.4 In the event that Goods stored in a Warehouse which are under the control of a Warehousekeeper who has been suspended are being stored in a Warehouse registered to another Warehousekeeper, the control of the Goods will, with the consent of the Owner of the Goods and of the Warehousekeeper to whom the Warehouse is registered, be assumed by such Warehousekeeper.
- D 1.12.5 In the event that the transfer of registration of a Warehouse under Procedure D 1.12.3 does not occur, the movement of any Goods from that Warehouse to the Warehouse(s) of another Warehousekeeper shall be in accordance with the instructions of the Owner of the Goods.
- D 1.12.6 In the event that the Owner of the Goods does not consent to the control of the Goods passing, under Procedure D 1.12.4, to the Warehousekeeper in whose Warehouse the Goods are stored, or in the event that the Warehousekeeper in whose Warehouse the Goods stored does not consent to the Goods passing into

his control, the movement of any Goods from that Warehouse to the Warehouse(s) of another Warehousekeeper shall be in accordance with the instructions of the Owner of the Goods.

- D 1.12.7 Any movement undertaken under Procedure D 1.12.5 and D 1.12.6 must comply with Procedures D 1.19 and Procedures D 1.20, D 1.23, D 1.24 or D 1.25 as the case may be, or as otherwise instructed by the Exchange in its absolute discretion.
- D 1.12.8 Any movement undertaken under Procedure D 1.12.5 and D 1.12.6 shall be the responsibility of, and for the account of the Owner of the Goods. Upon completion of the movement of the Goods, the Owner shall present to the Exchange a detailed account of the costs incurred in the movement of the Goods. The Exchange may, in its absolute discretion, utilise the performance bond of the Warehousekeeper who has been suspended to contribute to the costs incurred by the Owner in the movement of Goods which have a Valid Grading Result or an expired Valid Grading Result. Any such funds made available by the utilisation of the performance bond in accordance with these Procedures can only be used to contribute to the costs of the movement of Goods within the same Delivery Area.
- D 1.12.9 For the purpose of these Procedures the cost of the movement of Goods will be limited to:
- (a) the cost of loading of the Goods onto the means of transportation;
  - (b) the cost of transportation of the Goods to the receiving Warehouse;
  - (c) the cost of unloading of the Goods into the receiving Warehouse; and
  - (d) the cost of weighing the Goods at the receiving Warehouse.
- D 1.12.10 In the event that the Owner of the Goods does not consent to the control of the Goods passing to another Warehousekeeper in accordance with Procedures D 1.12.3 and D 1.12.4, any costs incurred in the movement of the Goods will be for the account of the Owner. In such instances the Exchange will not utilise the performance bond of the Warehousekeeper who has been suspended.
- D 1.12.11 The Exchange, once satisfied that it is in possession of all requests for funds in accordance with Procedure D 1.12.8, in relation to the suspension of a particular Warehousekeeper, will allocate to the Owners of the Goods the funds deriving from utilisation of the performance bond in the following manner:
- (a) where sufficient funds are available, the cost of moving all relevant Goods which have a Valid Grading Result or expired Valid Grading Result will be met. Any surplus funds will be returned to the issuer of the performance bond; or

- (b) where the funds are not sufficient to meet the costs of moving all Goods which have a Valid Grading Result or expired Valid Grading Result then the funds will be allocated to meet the cost of moving:
  - (i) all relevant Goods which have a Valid Grading Result. Where the funds are not sufficient to meet the cost of moving all such Goods then the funds will be allocated pro-rata by Owner across those Goods; and
  - (ii) if any further funds are available, such funds will be allocated pro-rata by Owner across all relevant Goods which have an expired Valid Grading Result.

The Owner may seek to recover any remaining costs from the Warehousekeeper, his liquidator or receiver as the case may be.

- D 1.12.12 Following any suspension under Procedure D 1.12.2, the nomination of a Warehousekeeper may be terminated in accordance with Procedure D 1.13.
- D 1.12.13 Following any suspension under Procedure D 1.12.2 samples may only be drawn from Goods under the supervision of the Exchange or a Supervision Company.
- D 1.12.14 A Warehousekeeper that has been suspended under Procedure D 1.12.2 may not create any new records on NYSE Liffe Guardian in respect of any Cocoa or Robusta Coffee currently stored, or expected to be stored, by that Warehousekeeper.
- D 1.12.15 A tender against a position held in the Cocoa or Robusta Coffee Futures Contract of a Warrant issued by a Warehousekeeper which is made prior to the suspension of that Warehousekeeper shall not be invalidated, but no further tenders of Warrants issued by the suspended Warehousekeeper may be made after his suspension.

## **D 1.13 Termination of Nomination**

- D 1.13.1 The nominated status of a Warehouse or Warehousekeeper may be terminated by either the Exchange or the Warehousekeeper.
- D 1.13.2 In the event that it is found that a Warehouse or a Warehousekeeper fails to meet the requirements of the Rules, the relevant contract terms or these Procedures, the Exchange may:
  - (a) either by notice in writing require the Warehousekeeper to remedy the situation promptly; or

- (b) terminate the nomination of the Warehousekeeper or that of a Warehouse and remove the Warehousekeeper or Warehouse from the List of Nominated Warehousekeepers and Nominated Warehouses immediately, or upon such notice as the Exchange may deem expedient.

- D 1.13.3 Following the termination of the Warehousekeeper under Procedure D 1.13.2 the Exchange will where possible and at its absolute discretion transfer the registration of the Warehouse(s) from the Warehousekeeper whose nomination has been terminated to another Warehousekeeper who has made an application to the Exchange to register such Warehouse(s) and to assume control of any Goods stored in such Warehouse(s). Any Goods which are stored in the Warehouse(s) will, with the consent of the Owner of the Goods pass into the control of the Warehousekeeper to whom the registration of the Warehouse has been transferred. On instruction by the Exchange to the Nominated Member, all Warrants issued by the terminated Warehousekeeper that have been immobilised shall be withdrawn from the Depository and held to the order of the Owner.
- D 1.13.4 Subject to Procedure D 1.13.19 in the event that Goods under the control of a Warehousekeeper whose nomination has been terminated under Procedure D 1.13.2 are being stored in a Warehouse registered to another Warehousekeeper, the control of the Goods will, with the consent of the Owner of the Goods and of the Warehousekeeper to whom the Warehouse is registered, be assumed by such Warehousekeeper.
- D 1.13.5 Subject to Procedure D 1.13.19 in the event that the transfer of registration of a Warehouse under Procedure D 1.13.3 does not occur, the movement of any Goods from that Warehouse to the Warehouse(s) of another Warehousekeeper shall be in accordance with the instructions of the Owner of the Goods.
- D 1.13.6 In the event that the Owner of the Goods does not consent to the control of the Goods passing, under Procedure D 1.13.4, to the Warehousekeeper in whose Warehouse the Goods are stored, or in the event that the Warehousekeeper in whose Warehouse the Goods are stored does not consent to the Goods passing into his control, the movement of any Goods from that Warehouse to the Warehouse(s) of another Warehousekeeper shall be in accordance with the instructions of the Owner of the Goods.
- D 1.13.7 Any movement undertaken under Procedure D 1.13.5 and D 1.13.6 must comply with Procedures D 1.19, D 1.20, D 1.23, D 1.24 or D 1.25 as the case may be, or as otherwise instructed by the Exchange in its absolute discretion.
- D 1.13.8 Any movement undertaken under Procedure D 1.13.5 and D 1.13.6 shall be the responsibility of the Owner of the Goods. Any costs incurred in the movement of the Goods shall be for the account of the Warehousekeeper whose nomination has been terminated. Should the Warehousekeeper refuse to co-operate with the Owner of the Goods with regard to meeting any reasonable

costs incurred in the movement of the Goods, the Owner shall inform the Exchange of this in writing and provide a detailed account of the costs incurred in the movement of the Goods.

- D 1.13.9 Where the Exchange considers, that such costs as may be advised to it in accordance with Procedure D 1.13.8 are reasonable, the Exchange may, in its absolute discretion, utilise the performance bond of the Warehousekeeper whose nomination has been terminated to contribute to the costs incurred by the Owner in the movement of Goods which have a Valid Grading Result or an expired Valid Grading Result. Any such funds made available by the utilisation of the performance bond in accordance with these Procedures can only be used to contribute to the costs of the movement of Goods within the same Delivery Area.
- D 1.13.10 For the purpose of these Procedures the cost of the movement of Goods will be limited to:
- (a) the cost of loading of the Goods onto the means of transportation;
  - (b) the cost of transportation of the Goods to the receiving Warehouse;
  - (c) the cost of unloading of the Goods into the receiving Warehouse; and
  - (d) the cost of weighing the Goods at the receiving Warehouse.
- D 1.13.11 In the event that the Owner of the Goods does not consent to the control of the Goods passing to the Warehousekeeper in accordance with Procedures D 1.13.3 and D 1.13.4, any costs incurred in the movement of the Goods will be for the account of the Owner. In such instances the Exchange will not utilise the performance bond of the Warehousekeeper whose nomination has been terminated.
- D 1.13.12 The Exchange, once satisfied that it is in possession of all requests for funds in accordance with Procedure D 1.13.8, in relation to the termination of nomination of a particular Warehousekeeper, will allocate to the Owners of the Goods the funds deriving from utilisation of the performance bond in the following manner:
- (a) where sufficient funds are available, the cost of moving all relevant Goods which have a Valid Grading Result or expired Valid Grading Result will be met. Any surplus funds will be returned to the issuer of the performance bond; or
  - (b) where the funds are not sufficient to meet the costs of moving all Goods which have a Valid Grading Result or expired Valid Grading Result then the funds will be allocated to meet the cost of moving:

- (i) all relevant Goods which have a Valid Grading Result. Where the funds are not sufficient to meet the cost of moving all such Goods then the funds will be allocated pro-rata by Owner across those Goods ; and
- (ii) if any further funds are available, such funds will be allocated pro-rata by Owner across all relevant Goods which have an expired Valid Grading Result.

The Owner may seek to recover any remaining costs from the Warehousekeeper.

- D 1.13.13 Under circumstances other than those referred to in Procedure D 1.13.2, either the Exchange or Warehousekeeper may terminate the nomination of a Warehouse of the Warehousekeeper or that of the Warehousekeeper by giving reasonable notice in writing to the other party. Reasonable notice shall be considered to be six full calendar months or until such time as any Goods has been removed from the Warehouse, whichever is the sooner. The Exchange may from time to time declare what is to be taken as reasonable notice for the purposes of this Procedure, and different periods may be so declared for different cases.
- D 1.13.14 Any costs incurred in connection with the movement or change in control of Goods necessitated by the termination of the nomination of a Warehouse or Warehousekeeper under circumstances other than those referred to in Procedure D 1.13.2 shall be for the account of the Warehousekeeper regardless of whether that termination was at instigation of the Exchange or the Warehousekeeper.
- D 1.13.15 Where:
- (a) notice of termination is served on a Warehousekeeper in respect of its nomination, or in respect of a Warehouse, by the Exchange; or
  - (b) the Warehousekeeper informs the Exchange that: either
    - (i) he no longer wishes to remain a Warehousekeeper; or
    - (ii) that he wishes to terminate the nomination of a Warehouseand if any Goods are being stored in the Warehouse in question, or by the Warehousekeeper, then:
    - (iii) further samples from such Goods for submission to the Exchange for grading shall only be drawn under supervision of the Exchange or a Supervision Company; and

- (iv) no tenders shall be permitted of Goods with a Valid Grading Result, until such a time as:
  - (A) the Goods have been moved to another Warehouse, if so required, in accordance with Procedures D 1.19, D 1.23, D 1.24 or D1.25, as the case may be; or
  - (B) change in control of the Goods has occurred, in accordance with Procedures D 1.19 and D 1.20; and
- (c) members of the Exchange shall be informed of the notice of termination and, where relevant, the status of Goods which have a Valid Grading Result or expired Valid Grading Result stored within the Warehouse, in such manner and at such time as may be determined by the Exchange.

D 1.13.16 Notice of termination by a Warehousekeeper in respect of a Warehouse containing Goods may not be served during a Delivery Month and in respect of Cocoa until the Settlement Day, Conversion Settlement Day or Extended Conversion Settlement Day of the relevant Delivery Month, where relevant.

D 1.13.17 The Exchange may from time to time give directions as to the status and disposal of outstanding Warrants where the nominated status of a Warehouse or a Warehousekeeper has been terminated.

D 1.13.18 A Warehousekeeper who ceases to be a Warehousekeeper in relation to a Warehouse shall remain subject to these Procedures, the Rules and to the jurisdiction of the Exchange in respect of all acts and omissions while he was a Warehousekeeper and in respect of any investigation or disciplinary proceedings relating thereto (including the payment of any fine or application or any other sanction imposed) as if he were a Warehousekeeper, for the longer of:

- (a) the period of twelve months from the date on which he ceased to be a Warehousekeeper in relation to such Warehouse; or
- (b) the period during which any disciplinary proceedings continue against him, being proceedings started by the Exchange no later than twelve months after the date on which he ceased to be a Warehousekeeper subject to any extension of the period.

Where a Warehousekeeper has ceased to be a Warehousekeeper in relation to a Warehouse, it shall be open to the Exchange to rely upon any breach of the Rules or these Procedures in respect of the time when the Warehousekeeper was subject thereto any investigation or disciplinary proceedings.

D 1.13.19 Procedures D 1.13.4 to D 1.13.5 shall be subject to:



- (a) any contrary provision mutually agreed upon by the Exchange and the relevant Warehousekeeper; or
- (b) the Appeals procedure as specified in Section 8 of the Rules.

**D 1.14 Disciplinary Proceedings**

D 1.14.1 Any breach of these Procedures by a Warehousekeeper, or failure on his part to observe the terms of or facilitate the performance of Cocoa or Robusta Coffee Futures Contracts made under the Rules, may be investigated under Section 5 of the Rules, and disciplinary proceedings may be commenced against him thereunder.

**D 1.15 Role and Responsibilities of a Warehousekeeper**

D 1.15.1 Goods shall be stored by a Warehousekeeper, in a Warehouse nominated by the Exchange for the storage of such Goods.

D 1.15.2 Warehousekeepers have the following primary responsibilities under the Rules, these relevant contract terms and these Procedures:

- (a) to provide and properly maintain facilities for the receipt, storage, sampling and delivery out of Goods from a Warehouse in accordance with the Rules, the relevant contract terms and these Procedures for the classification of Warehousekeeper for which he is nominated;
- (b) to issue Warrants and other documents in respect of Goods stored in a Warehouse, as required by the Rules, the relevant contract terms and these Procedures. The Warehousekeeper may deliver Goods out of a Warehouse where the original Warrant has been destroyed or mislaid once the Warehousekeeper is satisfied upon diligent enquiry and after completion of all relevant procedural requirements in that jurisdiction that the person claiming ownership of the relevant Goods has a proper right to do so;
- (c) to enter onto NYSE Liffe Guardian and properly maintain Warrant details of Goods in store as required by the relevant contract terms and these Procedures;
- (d) to ensure that Goods are at all times correctly stored and identified as required by:
  - (i) in respect of Cocoa, Procedures D 1.16, D 2.1 and D 2.2; or
  - (ii) in respect of Robusta Coffee, Procedures D 1.16, D 3.1 and D 3.2.

- (e) A Warehousekeeper shall maintain Goods in external good order and externally free from any insect, rodent or any other type of infestation;
- (f) to draw samples in accordance with Procedures D 2.4, D 2.5, D 2.6 and D 2.7 in respect of Cocoa and Procedures D 3.4 and D 3.5 in respect of Robusta Coffee for despatch to the Grading Room;
- (g) to pay to the Exchange such registration and other fees as are provided for in or under the Rules and in the Nominated Warehousekeeper's Application Form or as prescribed by the Exchange from time to time. Such fees shall not be refundable in the event of resignation or termination of nomination;
- (h) to maintain such other financial provisions as may be prescribed by the Exchange from time to time for the protection of an Owner's interests;
- (i) to maintain appropriate insurance to ensure that the interests of Owners are protected should a claimable event occur;
- (j) to act in such a way that ensures that any landlord, authority or other person will not acquire a lien, right of pledge or similar charge over the Goods stored in the Warehouse, and to agree not to exercise any lien, right of pledge or similar charge in relation to the Goods save in respect of charges owed to him in relation to the storage of those Goods. If, notwithstanding this Procedure a lien or other right does arise the Warehousekeeper shall notify the Exchange in writing immediately. Where the Warehousekeeper could discharge the lien he must do so immediately or where this is not possible he must arrange for all the Goods stored in the Warehouse to be transferred to another Warehouse, or as the Exchange shall direct, and upon such transfer shall ensure that the provisions of Procedures D 1.19, D 1.20, D 1.23, D 1.24 and D 1.25 are complied with; and
- (k) to abide by any other Procedures published by the Board from time to time.

**D 1.16 Storage requirements**

- D 1.16.1 A Warehouse may only be registered by one Warehousekeeper. A Warehousekeeper may store Goods in bags in a Warehouse in respect of which he is not the nominated Warehousekeeper. However, a Warehousekeeper may only store Goods in Bulk in a Warehouse for which he is the nominated Warehousekeeper.
- D 1.16.2 Goods must be stored in accordance with Procedures D 2.1 and D 2.2 in respect of Cocoa and Procedures D 3.1 and D 3.2 in respect of Robusta Coffee.
- D 1.16.3 In instances where a Warehousekeeper is storing Goods in bags in a Warehouse registered by another Warehousekeeper the following conditions will apply:
- (a) the Warehousekeeper who has registered the Warehouse will be responsible for the payment of the annual Nominated Warehouse Fee and the provision of an appropriate performance bond to cover that Warehouse, even though Goods which are under the control of other Warehousekeepers may from time to time be stored in that Warehouse;
  - (b) the Warehousekeeper who has registered the Warehouse will be responsible for any failure to maintain that Warehouse to the standard required in these Procedures and will be sanctioned accordingly, notwithstanding that such a failure may have been as a result of the storage of Goods in that Warehouse by another Warehousekeeper;
  - (c) the Warehousekeeper recorded on NYSE Liffe Guardian as storing Goods in a Warehouse will be responsible for any failure to maintain those Goods to the standard required by these Procedures and will be sanctioned accordingly, even though such a failure may be as a result of the actions of another Warehousekeeper in whose Warehouse the Goods are stored or the failure of that Warehousekeeper to maintain that Warehouse to the standard required by these Procedures;
  - (d) any sampling, weighing or other activity required by the Owner of the Goods in relation to Goods stored in the Warehouse of another Warehousekeeper shall be carried out by the Warehousekeeper who issued the Warrants in respect of those Goods; and
  - (e) a Warehousekeeper may not undertake any movement of Goods which are stored in his Warehouse and that are under the control of another Warehousekeeper unless directed to do so by the responsible Warehousekeeper who in turn will have, where necessary, gained permission from the Owner and the Exchange.

- D 1.16.4 Each Warehouse shall be clearly identified with a name, letter or number and such designation shall be recorded in the List of Nominated Warehousekeepers and Warehouses.
- D 1.16.5 A Warehousekeeper shall:
- (a) keep any Warehouse, in respect of which he is registered as the Warehousekeeper, in a good state of repair at all times. Windows, doors and drainpipes shall be weatherproof and properly fitted to prevent the entry of pests. Guttering shall be sound and free from weeds and debris. Downpipes shall be sound and lead immediately to an adequate drain or soak-away. Where internal downpipes are vulnerable to collision damage, they must be adequately protected;
  - (b) keep ground around the outside of a Warehouse free from waste, lumber, weeds and other debris, to discourage pests and reduce the risk of fire. The immediate area should also be kept free of trees and other vegetation whose growth could present a threat to the structure of the Warehouse;
  - (c) provide effective lighting in all areas where Goods are stored or handled. In respect of Warehouses approved for the storage of Bulk Delivery Units, such lighting should be protected to prevent breakages falling upon the Goods;
  - (d) keep pest control logs and records of visits made by the pest control company;
  - (e) ensure that a Warehouse is equipped with adequate fire-fighting facilities, which comply with an applicable local, port, state and or national regulations. Access to extinguishers and hoses must not be blocked. Equipment must be checked regularly and each inspection recorded;
  - (f) prohibit smoking in storage areas;
  - (g) ensure that all animals, both domestic and wild, are excluded from the Warehouse; and
  - (h) bear the cost of maintaining the Goods stored in his Warehouse to the standard required in Procedure D 1.15.2. In respect of Cocoa, it is understood that the Warehousekeeper shall make a periodic charge to cover the cost of fumigation and fogging, in addition to rent that is charged.
- D 1.16.6 In respect of Warehouses nominated for the storage of Goods in bags the following requirements shall apply:

- (a) Goods shall be stored in sound bags in external good order and meeting the criteria prescribed by the Exchange from time to time;
- (b) the following substances must not be stored with Goods stored in a Warehouse:
  - (i) dangerous chemicals or inflammable materials, as classified in the International Maritime Dangerous goods Code;
  - (ii) spices of any kind;
  - (iii) any type of animal hides;
  - (iv) odorous substances; or
  - (v) any other materials that the Exchange may deem to be harmful to the Goods; and

Robusta Coffee and Cocoa may only be stored in the same Warehouse when they are piled in such a manner that they could not be affected by taint e.g. segregated in separate areas of the shed;

- (c) a Warehouse shall be adequately ventilated;
- (d) a Warehouse shall be kept broom clean, with cleaning materials close to hand. All spillages shall be tidied up promptly;
- (e) a Warehouse and any Goods stored therein shall be kept clear of infestation by:
  - (i) closed rodent prevention bait boxes/traps, which shall be in sufficient numbers and well maintained at ground level at regular intervals along the internal walls of the building. These should be inspected by the pest control company on a regular basis but not less than once a month;
  - (ii) fumigating as and when necessary;
  - (iii) fogging as and when necessary; and
- (f) each Warehouse, or group of Warehouses, shall have accurate scales for weighing palletised Goods which shall weigh to a minimum interval of 1 kg with a tolerance of 1.5 kg above or below the true weight. The scales shall be regularly serviced and re-calibrated at least once a year and tested every shift prior to use or following any change in location of the scales. Service records shall be available to demonstrate compliance with these requirements.

D 1.16.7 In respect of Warehouses nominated for the storage of Cocoa in bulk, the following requirements shall apply in addition to those in Procedure D 1.16.6:

- (a) the Warehouse shall either be used solely for the purpose of storing bulk Cocoa, or be fitted with a permanent or temporary screen across the full height and width of the Warehouse segregating the bulk Cocoa from all other Goods, including bagged Cocoa, stored within the Warehouse;
- (b) the Warehouse, or area intended for the storage of bulk Cocoa within the Warehouse, shall be of a size capable of accommodating a minimum of two Bulk Delivery Units;
- (c) the Warehouse must be equipped with such permanent or temporary partitioning which allows the retention and segregation of Cocoa, ensures its security from theft, and which is otherwise in accordance with these Procedures;
- (d) equipment should be readily available for the stowage into, loading out from or movement of Cocoa within the Warehouse;
- (e) equipment should be readily available for the batch weighing of Cocoa stored in bulk. Where the equipment is used to weigh quantities of 5 tonnes or less of Cocoa it shall weigh to a minimum interval of 5 kg with a tolerance of 7.5 kg above or below the true weight. Where the equipment is used to weigh quantities of more than 5 tonnes of Cocoa it shall weigh to a minimum interval of 20 kg with a tolerance of 30 kg above or below the true weight. The equipment shall be regularly serviced and re-calibrated at least once a year and tested every shift prior to use or following any change in location of the equipment. Service records shall be available to demonstrate compliance with these requirements. In the event that a public weighbridge is used, such weighbridge must comply with these requirements and be appropriately certified by the local authorities;
- (f) equipment should be readily available in order to facilitate the ventilation of a Bulk Delivery Unit and the extraction of air from within the Warehouse in accordance with Procedure D 2.1.2(b)(iii);
- (g) equipment should be readily available for the bagging of a Bulk Delivery Unit into bags of a size and standard meeting the criteria prescribed by the Exchange from time to time; and
- (h) bags meeting the criteria prescribed by the Exchange from time to time must be readily available in sufficient quantities to allow for the bagging of a Bulk Delivery Unit.

**D 1.17 Maintenance of Records**

- D 1.17.1 A Warehousekeeper shall maintain full and appropriate records:
- (a) that are arranged, filed and indexed so as to allow prompt access to any particular record;
  - (b) from which the precise identity of Goods stored in a Warehouse may be ascertained; and
  - (c) which provide a complete audit trail of the Goods from the time that they were taken into store by the Warehousekeeper.
- D 1.17.2 Subject to Procedure D 2.8.2 (d) and D 2.8.2 (i) in respect of Cocoa, the records that a Warehousekeeper shall maintain on file:
- (a) proof of identity of Goods shall include, but is not limited to, Bills of Lading, Warehouse receipts, storage instructions received from the Owner of the Goods and any other such documents which may aid in identifying the relevant Goods and their date of shipment from Origin; and
  - (b) to provide a complete history of the Goods whilst stored by the Warehousekeeper shall include, but is not limited to, those relating to the weighing, sampling, movement, and fumigation of the Goods (including the identity of the personnel executing such functions) and in respect of Bulk Delivery Units, the dates and times of ventilation and extraction performed in respect of such Cocoa as well as any other information considered relevant to such exercise, and any instructions received from the Owner of the Goods relating to these Goods.
- D 1.17.3 The position of Goods within the warehouse shall be recorded and maintained by the warehousekeeper on a storage plan of the warehouse or on a list of storage zones or locations of the Warehouse in a manner that will allow an Exchange official or other third party readily to locate and identify the Goods.
- D 1.17.4 A Warehousekeeper may keep a record in electronic form, provided that:
- (a) a hard copy can be reproduced if so required; and
  - (b) the system is adequately safeguarded against loss of information by way of appropriate back-up systems.
- D 1.17.5 All records relating to Goods stored in a Warehouse shall be retained for a minimum of two years following delivery out of the Goods) and shall be held in such a manner that they may be promptly accessed upon request and are reasonably safeguarded against loss, alteration or destruction.

D 1.17.6 A Warehousekeeper shall keep all the records specified in Procedure D 1.17 and all information held in its capacity as Warehousekeeper confidential at all times except where directed to disclose such information by the Exchange in its absolute discretion or where otherwise required by these Procedures.

**D 1.18 Stock Figures**

D 1.18.1 Following the grading of a sample by LIFFE Registered Cocoa or Robusta Coffee Graders, the Exchange shall inform the Warehousekeeper responsible for the drawing of the sample from the Goods in such a manner as may be prescribed by the Exchange from time to time, whether the Goods to which the sample relates has been graded tenderable or not tenderable. The Warehousekeeper shall keep a record of such results.

D 1.18.2 At a time and in such a manner as may be prescribed by the Exchange from time to time, any Warehousekeeper having a Warehouse nominated for the storage of:

(a) Cocoa shall advise the Exchange of the number of Standard, Large and Bulk Delivery Units which are in store in the Warehouse and are the subject of:

- (i) a Valid Grading Result;
- (ii) an expired Grading Result; and
- (iii) a not tenderable Grading Result;

or

(b) Robusta Coffee, shall advise the Exchange of the number of parcels and the number of lots which are in store in the Warehouse and are the subject of:

- (i) a Valid Grading Result; and
- (ii) a not tenderable Grading Result.

D 1.18.3 The Exchange will use such information to compile data relating to the total number of lots of Robusta Coffee or Delivery Units of Cocoa, as the case may be, stored in Warehouses. The Exchange may, in its absolute discretion, publish information relating to the total number and type of lots of Robusta Coffee or Delivery Units of Cocoa, which are the subject of Valid Grading Results, expired Grading Results, or which are not tenderable, stored in each port or Delivery Area.



**D 1.19 Movement of Goods and change in control of a Warehouse or Warehousekeeper – General Requirements and Procedures**

D 1.19.1 From time to time a Warehousekeeper may:

- (a) determine to either:
  - (i) move Goods to another Warehouse under his control;
  - (ii) relinquish the control of a Warehouse to another Warehousekeeper;
  - (iii) move Goods from a Warehouse under his control to another Warehouse under the control of another Warehousekeeper; or
- (b) in respect of Cocoa, be instructed by the Owner of the Cocoa to move or convert Delivery Units; or
- (c) in respect of Robusta Coffee be instructed by the Owner of the Robusta Coffee to move a parcel or lot.

In such circumstances, Procedures D 1.19.2 to D 1.19.8 shall apply, as the case may be, in respect of Procedures D 1.20 to D 1.24 inclusive.

D 1.19.2 Except in extreme circumstances no approval will be given by the Exchange for the movement of Goods during any period in which the Goods could be the subject of a delivery, from the Notice Day of that period until the relevant Settlement Day.

D 1.19.3 For the purpose of these Procedures, control of the Goods shall be deemed to be exercised by the Warehousekeeper recorded on NYSE Liffe Guardian as storing the Goods in his Warehouse.

D 1.19.4 In respect of Goods having a Valid Grading Result and which do not, according to these Procedures, require re-grading before they may be tendered, then:

- (a) prior to the change of control and where relevant, movement, of Goods between different Warehousekeepers, the current and new Warehousekeepers shall jointly inspect the Goods at the Warehouse of the current Warehousekeeper to verify the identity of the Goods which are the subject of the change in control, and to determine the external good order of such Goods; and
- (b) once both Warehousekeepers are satisfied as to the identity and external good order of the Goods they shall countersign appropriate documentation to that effect and, where relevant, may undertake the movement of such Goods. In the event that such agreement cannot be

reached, then the opinion of a mutually acceptable competent independent authority shall be sought by the Warehousekeepers.

- D 1.19.5 The Exchange shall have the discretion to require independent supervision of the movement of Goods having a Valid Grading Result.
- D 1.19.6 All costs incurred in following the requirements laid out in Procedure D 1.1.19 to D 1.24, as the case may be, and including, inter alia, the costs of independent supervision, where relevant, shall be for the account of the:
- (a) Owner of the Goods where such movement or change in control is at the request of, or caused by, the Owner of the Goods, including where such movement is the result of an instruction from the Exchange to the Seller to convert a Delivery Unit in accordance with Cocoa contract term 12.03; or
  - (b) Warehousekeeper, where any such movement or change in control is at the request of, or caused by, the Warehousekeeper.
- D 1.19.7 In order to ensure the integrity of the audit trail in circumstances where movement of Goods occurs, the following shall be provided by the current Warehousekeeper to the new Warehousekeeper:
- (a) where such Goods stored in a Warehouse have a final day of landing:
    - (i) on or prior to 31 March 2000; either
      - (A) a copy of the relevant Bill(s) of Lading, with any confidential counterparty details deleted; or
      - (B) appropriate documentation, dated and signed by the current Warehousekeeper, detailing in respect of such Goods the Origin, name of vessel(s), mark(s) on the bags, and, where such date(s) can be determined (refer to Procedure D 2.8.3), dates of issue of the Bill(s) of Lading for the shipment of the Goods from Origin as well as, where relevant, crop year of the Goods as specified on the original shipping documents relating to such Goods;
    - (ii) on or after 1 April 2000; a copy of the relevant Bill(s) of Lading, with any confidential counterparty details deleted; and
  - (b) details of the existing warrant number of such Goods; and
  - (c) any other information as the Exchange may require from time to time.

In the event that the current Warehousekeeper is not in possession of copy or original Bill(s) of Lading required in order to comply with Procedure D 1.19.7(a)(ii), he shall advise the Exchange in writing, including the reason for the absence of such documentation, and the Exchange shall determine in its absolute discretion what other information or documentation may instead be provided.

- D 1.19.8 The Exchange may if it deems it necessary and if it is considered that a movement or change in control of Goods stored in a Warehouse will harm or may have the potential to harm the integrity of the contract:
- (a) refuse permission for the movement of Goods if it is considered that a particular Warehousekeeper would, as a result, control a disproportionately large amount of Goods having Valid or expired Grading Results;
  - (b) require the re-grading of any Goods having a Valid Grading Result under circumstances where it is the subject of a movement or change in control; or
  - (c) require a Warehousekeeper or the Owner of the Goods to demonstrate that there were sound commercial reasons for a change in control to take place, before granting its permission.

**D 1.20 Change in control of Goods between different Warehousekeepers – Goods remaining in the same Warehouse**

- D 1.20.1 Prior to any change in control of Goods between different Warehousekeepers where the Goods remain in the same Warehouse:
- (a) the current Warehousekeeper shall make a written application to the Exchange giving the following information:
    - (i) the reason for the intended change in control of the Goods; and
    - (ii) where the change in control of the Goods is at the request of the Warehousekeeper, evidence that the written consent of the Owner of the Goods has been obtained.
  - (b) the new Warehousekeeper shall confirm to the Exchange in writing that he will:
    - (i) either re-weigh the Goods and, unless otherwise agreed with the Owner, take responsibility for any loss in weight, if applicable, or accept the weights detailed on the Warrant recorded on NYSE Liffe Guardian;

- (ii) arrange for the cancellation of the old Warrants and issue new Warrants against the Goods stored in a Warehouse;
- (iii) provide the Exchange with the new Warrant number relating to the cancelled Warrant; and
- (iv) where applicable update the weight details of the Warrant recorded on NYSE Liffe Guardian.

D 1.20.2 Change in control of the Goods may not take place until such time as the Exchange has received the above and any additional information it may require, and has given its written consent. The new Warehousekeeper shall inform the Exchange upon completion of the change in control.

**D 1.21 Movement of Goods within the same Delivery Area –  
Warehouses under the control of the same Warehousekeeper**

D 1.21.1 Prior to any movement of Goods from one Warehouse directly to another Warehouse within the same Delivery Area and under the control of the same Warehousekeeper, the Warehousekeeper shall make a written application to the Exchange, giving the following information:

- (a) the reason for the intended movement;
- (b) the approximate distance between the relevant Warehouses;
- (c) where the movement of the Goods is at the request of the Warehousekeeper, evidence that the written consent of the Owner of the Goods has been obtained; and
- (d) an undertaking to re-weigh the Goods and, unless otherwise agreed with the Owner, take responsibility for any loss of weight, if applicable.

D 1.21.2 Movement of the Goods may not commence until such time as the Exchange has received the above and any additional information it may require and has given its written consent. Upon completion of the movement of the Goods the Warehousekeeper shall inform the Exchange of the new Warehouse details and shall enter onto NYSE Liffe Guardian the new weight details where applicable.

D 1.21.3 A Bulk Delivery Unit which has been moved from one Warehouse to another pursuant to Procedure D 1.21 may not be tendered until it has been re-graded as tenderable.

**D 1.22 Movement of Goods within the same Delivery Area for the purpose of fumigation**

D 1.22.1 For the purpose of fumigation, a Warehousekeeper may move Goods to another Warehouse within the same Delivery Area and under the control of the same Warehousekeeper, provided that the Warehousekeeper:

- (a) gives the Exchange two working days' notice of the intended movement of the Goods; and
- (b) provides written confirmation to the Exchange that:
  - (i) on completion of the fumigation, the Goods will be moved back to the Warehouse in which they were stored prior to fumigation; and
  - (ii) he will re-weigh the Goods and, unless otherwise agreed with the Owner, take responsibility for any loss in weight, if applicable.

**D 1.23 Movement of Goods within the same Delivery Area - Warehouses under the control of different Warehousekeepers**

D 1.23.1 Prior to any movement of Goods from a Warehouse of one Warehousekeeper directly to another Warehouse under the control of a different Warehousekeeper within the same Delivery Area:

- (a) the current Warehousekeeper shall make a written application to the Exchange giving the following information:
  - (i) the reason for the intended movement and change in control of the Goods; and
  - (ii) where the movement and change in control of the Goods is at the request of the Warehousekeeper, evidence that the written consent of the Owner of the Goods has been obtained; and
- (b) the new Warehousekeeper shall confirm to the Exchange in writing that he will:
  - (i) either re-weigh the Goods and, unless otherwise agreed with the Owner, take responsibility for any loss in weight, if applicable, or accept the weights detailed on the Warrants recorded on NYSE Liffe Guardian;
  - (ii) arrange for the cancellation of the old Warrants and issue new Warrants against the Goods stored in a Warehouse;

- (iii) provide the Exchange with the new warrant numbers and warehouse details; and
- (iv) where applicable update the weight details of the Warrant recorded on NYSE Liffe Guardian.

D 1.23.2 Movement and change in control of the Goods may not commence until such time as the Exchange has received the above and any additional information it may require, and has given its written consent. The new Warehousekeeper shall inform the Exchange upon completion of the movement and change in control of the Goods.

D 1.23.3 A Bulk Delivery Unit which has been moved from one Warehouse to another pursuant to Procedure D 1.23 may not be tendered until it has been re-graded as tenderable.

**D 1.24 Movement of Goods across different Delivery Areas –  
Warehouses under the control of the same or different Warehousekeepers**

D 1.24.1 In the event that movement of Goods from one Warehouse to another in a different Delivery Area under the control of:

- (a) the same Warehousekeeper is required, the Procedures in D 1.21 shall apply; or
- (b) different Warehousekeepers is required, the Procedures in D 1.20 shall apply.

D 1.24.2 Any such Goods having a Valid Grading Result may not be tendered following such movement until the Goods have been re-graded as tenderable.

**D 1.25 Insolvency or delisting of a Warehousekeeper causing movement or  
change in control of Goods**

D 1.25.1 Where movement or change in control of Goods occurs in circumstances where the Exchange determines in its sole discretion that the original Warehousekeeper is no longer able to carry on business in the capacity of a Warehousekeeper or has been delisted from the List of Nominated Warehousekeepers and Nominated Warehouses, and the Goods):

- (a) do not move out of a Warehouse but the control of the Goods changes from one Warehousekeeper to another Warehousekeeper; or
- (b) move directly between the Warehouses of different Warehousekeepers within the same Delivery Area;

then the Exchange may require that the Goods are re-graded as tenderable before they may be tendered if the Exchange concludes that the specific circumstances warrant such an approach.

- D 1.25.2 Where movement or change in control of Goods having a Valid Grading Result occurs in circumstances where the Exchange determines in its sole discretion that the original Warehousekeeper is no longer able to carry on business in the capacity of a Warehousekeeper or has been delisted from the List of Nominated Warehousekeepers and Nominated Warehouses and the Goods move from one Warehouse to another in a different Delivery Area under the control of either the same or different Warehousekeepers, then the Exchange may determine that the Goods do not require re-grading before they may be tendered if the Exchange concludes that the specific circumstances warrant such an approach.

## **D 1.26 Warehouse Charges**

- D 1.26.1 A Warehousekeeper shall, for each applicable delivery area or port, notify to the Exchange, on or before each Reporting Day, the details required by Procedure D 1.26.2 of the maximum Rent and Movement Out Charges which the Warehousekeeper may charge during the next Charge Period following the Reporting Day in respect of Robusta Coffee in bags or FIBCs and for Cocoa in bags and/or in bulk stored in its Warehouses.

Such details shall be provided in writing in accordance with procedures to be notified by the Exchange from time to time and at the latest by 12:00 London time on the Reporting Day and shall be effective for the next Charge Period following the Reporting Day. A Warehousekeeper may, in compliance with its obligations under this Procedure, state in the notification to the Exchange that there are no changes to the Rent and Movement Out Charges published in the Exchange's current Published List of Rent and Movement Out Charges in respect of one or more of the applicable delivery areas and/or ports.

- D 1.26.2 The details of Rent and Movement Out Charges notified to the Exchange pursuant to Procedure 1.26.1 above shall state the **maximum** amount (inclusive of any applicable taxes) which the Warehousekeeper may charge by the applicable delivery area and/or port in respect of a lot of Robusta Coffee (in bags or FIBCs) or a Delivery Unit of Cocoa (in bags and/or in bulk) stored in any of the applicable delivery areas and/or ports during the next Charge Period following the Reporting Day.
- D 1.26.3 A Warehousekeeper may not impose any charges in relation to the delivery of Goods out of a Warehouse on to a truck or a lorry other than a Movement Out Charge. However, nothing in this Procedure D 1.26 shall prevent a Warehousekeeper from agreeing with an Owner:

- (a) to charge Rent or Movement Out Charges during a Charge Period which are lower than the maximum amount notified to the Exchange pursuant to Procedure D 1.26.1 in respect of such Charge Period;
- (b) to charge a different amount from the Movement Out Charge for the delivery of Goods from within a Warehouse on to a different means of transport; or
- (c) for the provision of additional services, and additional charges for such services, in addition to those services covered by the Rent and Movement Out Charge,

where so requested by, or agreed with, an Owner.

D 1.26.4 The Exchange will publish, in respect of each Charge Period, details of Rent and Movement Out Charges notified to the Exchange pursuant to Procedure D 1.26.1 in the Published List of Rent and Movement Out Charges on the NYSE Euronext website ([www.nyx.com/liffe](http://www.nyx.com/liffe)).

A Warehousekeeper may not charge Rent or Movement Out Charges which exceed the maximum amount notified to and published by the Exchange in respect of a Charge Period, except pursuant to Procedure D 1.26.6.

D 1.26.5 Failure of a Warehousekeeper to make any notification to the Exchange as required by Procedure D 1.26.1 shall be deemed to be a notification that the Rent and Movement Out Charges remain unchanged and the charges published in the List of Rent and Movement Out Charges for the current Charge Period shall continue to apply. If a notification made by a Warehousekeeper under Procedure D 1.26.2 covers some but not all of its Warehouses by the applicable delivery area and/or port, the Rent and Movement Out Charges for those delivery areas and/or ports not covered in the notification shall remain unchanged and the charges published in the List of Rent and Movement Out Charges for the current Charge Period shall continue to apply to those delivery areas and/or ports.

D 1.26.6 Notwithstanding Procedure D 1.26.4, a Warehousekeeper may, in exceptional circumstances, upon written application to and on receiving written consent from the Exchange, seek to increase the maximum amount of Rent and/or Movement Out Charges levied by it in respect of a Charge Period and in respect of one or more applicable delivery areas and/or ports. Any such application by a Warehousekeeper shall include the following information:

- (a) the applicable delivery area(s) and/or port(s) and the charge(s) to which the application applies;
- (b) the proposed level of increase in such charge(s); and
- (c) the reason for, and evidence in support of, the application.



- D 1.26.7      The Exchange shall give its consent to any such application for an increase to its charges to the extent it considers, in its absolute discretion, that the Warehousekeeper has given reasonable evidence that the reasons cited in Procedure D 1.26.6 have given, or will give, rise to a significant increase in its costs in providing the services covered by the relevant charge.

**D 2. COCOA**

**D 2.1 Piling of Cocoa**

D 2.1.1 Subject to Schedule 1 of these Procedures in respect of Cocoa Goods stored in bags, details of which are represented by the Warrant recorded on NYSE Liffe Guardian, the following storage requirements shall be observed:

- (a) each Delivery Unit shall be stored in a single Warehouse on pallets at ground level, with the exception of multi-storey Warehouses with wooden floors where the bags of Cocoa may be stored directly on the floor;
- (b) Cocoa comprising a Standard Delivery Unit shall be stored, subject to Procedure D 2.1.1 (d), together in a single row, pile or component of a block stow;
- (c) Cocoa comprising a Large Delivery Unit shall be stored in no more than two adjacent rows, piles or block stows. Procedure D 2.1.1 (f) shall apply to each non-adjoining row or pile;
- (d) where a Delivery Unit is composed of palletised bags the bags on each pallet shall relate only to that Delivery Unit. Where there is a balance of bags making up a Delivery Unit which is insufficient to fill a pallet to capacity, those remaining bags shall be exclusively stored on a pallet which shall be marked in accordance with Procedure D 2.2 and placed either on top of the column of pallets comprising the majority of the Delivery Unit or at the end of the row in which the Delivery Unit is piled;
- (e) Cocoa shall be stored with a gap of at least 45 centimetres:
  - (i) from any wall; and
  - (ii) from any other Cocoa or other material stored in the Warehouse to allow compliance with Procedure D 2.1.1 (f); or
- (f) at least 40% of the bags in a Delivery Unit or non-adjoining row or pile of a Large Delivery Unit must be accessible for sampling. Where the Delivery Unit is composed of palletised bags stored in columns or rows, at least one side of each pallet shall be readily accessible for sampling. Where the parcel, lot or Delivery Unit forms all or part of a block stow, or is composed of two block stows, all sides of the block stow shall be readily accessible for sampling;

D 2.1.2 In respect of Cocoa Goods stored in bulk, the following storage requirements shall be observed in addition to those in Procedure D 1.16.7:

- (a) each Bulk Delivery Unit must be readily identifiable by the Warehousekeeper and the Exchange inspectors;
- (b) each Bulk Delivery Unit shall be stored:
  - (i) in one pile segregated from all other Bulk Delivery Units or, other Cocoa stored in bulk, by temporary or permanent partitioning as detailed in Procedure D 1.16.7 (c) and in such a way as to ensure the Cocoa is secure from theft; or
  - (ii) in accordance with such other requirements as may be determined by the Exchange from time to time; and
  - (iii) in such a way as to allow the optimum level of ventilation, including under-pile ventilation, as well as extraction of air from within the Warehouse; or
  - (iv) in accordance with such other requirements as may be determined by the Exchange from time to time.
- (c) in order to facilitate sampling, reweighing and repiling of a Bulk Delivery Unit, within each Warehouse where Bulk Delivery Units are stored there shall be sufficient free space for the storage of one Bulk Delivery Unit at all times.

D 2.1.3 In respect of Cocoa stored for potential delivery against a Contract in each Delivery Unit shall be comprised of sound Cocoa which shall be the product of a single Origin, of the same Shipment Period and stored in one Warehouse.

D 2.1.4 A Delivery Unit may not, in whole or in part, be comprised of Cocoa which previously comprised a Delivery Unit graded as not tenderable.

## **D 2.2 Identification of a Delivery Unit**

D 2.2.1 Subject to Schedule 1 of these Procedures, each Delivery Unit shall be readily identifiable by the warehousekeeper and the Exchange officials. The following minimum requirements for the identification of a Delivery Unit shall apply:

- (a) where a Delivery Unit is composed of bags placed on pallets which are stored in rows and/or columns;
  - (i) a hard wearing and durable label, visible from the aisle side of the column and/or row shall be securely fastened to either a bag lying on the first of the storage sequence or the pallet itself and shall show, as minimum, the Warrant number relating to the Delivery unit and the number of bags comprising the Delivery Unit; and

- (ii) a bag on the bottom layer of bags of each pallet and visible from the aisle side of the column and/or row shall be marked clearly, legibly and indelibly on the fabric of the bag with the Warrant number of the Delivery Unit;
- (b) where a Delivery Unit forms part of a block stow;
  - (i) the boundary of each individual Delivery Unit shall be marked. A label showing as a minimum the Warrant number relating to the Delivery Unit and number of bags comprising the Delivery Unit, shall be securely fastened to one bag on each face of the Delivery Unit; and
  - (ii) subject to Schedule 1 of these Procedures, a bag on the bottom, middle and top row of each face of the Delivery Unit shall be marked clearly, legibly and indelibly on the fabric of the bag with the Warrant number of the Delivery Unit.
- (c) for a Bulk Delivery Unit a label, showing as a minimum the Warrant number, shall be attached to the front wall or edge of the storage area. In addition, an A4 size label attached to a post and showing as a minimum the Warrant number, shall be placed no further than two metres into the front of the bulk pile.

## **D 2.3 Weighing of a Delivery Unit**

### **D 2.3.1 A Delivery Unit shall be weighed or reweighed:**

- (a) when the Cocoa is combined to form the Delivery Unit in accordance with Procedure D 2.1;
- (b) each time Cocoa contained in the Delivery Unit is bagged, rebagged or debagged in accordance with Procedures D 2.10 to D 2.13, as the case may be;
- (c) upon conversion or formation of the Delivery Unit in accordance with Procedures D 2.10 to 2.12, as the case may be;
- (d) each time the Delivery Unit is moved or is the subject of a change in control, in accordance with Procedures D 1.19 to D 1.25, as the case may be; and
- (e) in respect of a Bulk Delivery Unit, each time the Bulk Delivery Unit is re-piled, including, without limitation, when it is re-piled in order to be sampled for grading under Procedure D 2.6.

D 2.3.2 The tare weight of the bags shall be that ascertained when the Cocoa was originally weighed and Warrant details recorded on NYSE Liffe Guardian.

**D 2.4 Sampling of a Delivery Unit**

D 2.4.1 In respect of a Delivery Unit which is to be graded pursuant to Section E of these Procedures, the member or, if he is not the Owner of the Cocoa, the Owner on whose behalf the member is making the application for grading, shall instruct the Warehousekeeper in writing to draw a sample from the Delivery Unit to be graded.

D 2.4.2 Where the Warehousekeeper has provided notification of sampling to the Exchange on any business day by 12:00 hours London time, sampling may commence on the following business day. Where notification of sampling is received after this time, sampling may only begin on the second business day. The Warehousekeeper shall:

- (a) draw the sample in accordance with these Procedures;
- (b) upon completion of drawing the sample, send the sample direct to the Grading Room, for assessment by a Grading Panel appointed by the Exchange; and
- (c) in accordance with Procedure D 1.3.3 enter onto NYSE Liffe Guardian all Warrant details no later than two business days after the arrival of the sample at the Grading Room. Grading will not commence until such details are complete. Samples which have been in the Grading Room for more than two business days, and for which details are not complete, may be removed from the grading queue.

D 2.4.3 Subject to Procedure D 1.5.7 and D 1.5.8, if sampling is to occur outside of normal Delivery Area working hours and the sampling is determined to require supervision, then such sampling shall take place at times mutually agreed between the Warehousekeeper and the Exchange.

D 2.4.4 Before sampling, the Delivery Unit identified correctly in accordance with Procedure D 2.2 shall be inspected by the Warehousekeeper and, if nominated, the Supervisor shall confirm that;

- (a) the Cocoa complies with Procedures D 2.1.1 and D 2.2; and
- (b) all sampling apparatus is clean, dry and free from foreign odours.

D 2.4.5 Where the conditions of Procedure D 2.4.4 are not met the Warehousekeeper or, if nominated, the Supervisor shall immediately contact the Exchange which shall determine what action shall be taken before sampling can commence.

- D 2.4.6 Any sample which is to be presented to the LIFFE Grading Room and represents either a Standard or Large Delivery Unit shall be drawn (and if required quartered) and sealed, on the same day. Any sample which is to be presented to the LIFFE Grading Room and represents a Bulk Delivery Unit shall be quartered and sealed on the day on which the last portion of Cocoa which is part of the Bulk Delivery Unit is stored.

**D 2.5 Sampling of Cocoa Stored in Bags**

- D 2.5.1 In respect of each sample drawn from a Standard Delivery Unit:

- (a) a sample of 2 kg minimum weight shall be drawn which shall be representative of the Standard Delivery Unit as a whole, and shall be taken randomly from a minimum of 30% of the number of sound bags forming the Standard Delivery Unit and over the full height and width of the Standard Delivery Unit directly into a clean dry and odourless cotton or linen sample bag with a tare not exceeding 100g; and
- (b) the sample bag shall be sealed with the Warehousekeeper's seal and also if supervised the Supervision Company's seal and the sample bag shall be marked with the following as a minimum:
  - (i) the name of the Warehousekeeper responsible for drawing the sample
  - (ii) Warrant number;
  - (iii) Delivery Area;
  - (iv) Origin;
  - (v) Date on which the Cocoa was landed; and
  - (vi) The bar code issued by or recorded on NYSE Liffe Guardian in respect of the sample.

- D 2.5.2 In respect of a sample drawn from a Large Delivery Unit:

- (a) sample material of 12 kg minimum weight shall be drawn from a minimum of 30% or more of the number of sound bags over the full height and width of the Large Delivery Unit;
- (b) the sample material shall be quartered to provide a grading sample weighing not less than 3kg. The remaining beans from the preliminary sample shall be bagged, clearly marked and stored with the Large Delivery Unit from which they were drawn;

- (c) the grading sample material shall be placed in a cotton or linen sample bag with a tare not exceeding 150g. The grading sample bag shall be sealed with the Warehousekeepers seal, and also if supervised the Supervision Company's seal and the details specified in Procedure D 2.5.1 (b) shall be marked on the bag;
- (d) the sampling, quartering and sealing of each sample from a Large Delivery Unit shall be completed on the same day that sampling started: and
- (e) the Warehousekeeper shall record on NYSE Liffe Guardian that the 3 kg sample has been drawn.

## **D 2.6 Sampling of Cocoa Stored in Bulk**

D 2.6.1 In respect of each sample drawn from a Bulk Delivery Unit:

- (a) sample material of 50 kg minimum weight which is representative of the Bulk Delivery Unit as a whole shall be derived from Cocoa drawn on an incremental basis perpendicularly across the whole flow of a moving stream of Cocoa (but excluding the 'fall') comprising the whole Bulk Delivery Unit, while the Cocoa is being re-piled. The incremental samples shall be drawn at regular intervals dependent on the speed of the flow, each comprising of a minimum of 500g of Cocoa such that a total of a minimum 100 individual samples are drawn from the Bulk Delivery Unit into bags which are clean, dry, empty and odourless;
- (b) sampling of each Bulk Delivery Unit shall be completed within a period of 30 calendar days from the date on which sampling commenced. During such period, the bag(s) containing the incremental samples shall be sealed at all times when sampling is not taking place, and shall be clearly marked and stored in a secure location;
- (c) following completion of movement and weighing or reweighing, the Cocoa drawn, which shall be a minimum of 50 kg, shall be quartered to provide a grading sample of 5 kg minimum weight. The balance of the 50 kg drawn shall be returned to the relevant Bulk Delivery Unit;
- (d) the grading sample shall be placed in a clean, dry, empty and odourless cotton or linen sample bag with a tare not exceeding 250 g. The sample bag shall be sealed with the Warehousekeeper's seal, and also if supervised the Supervision Company's seal and the sample bag shall be marked with the details specified in Procedures D 2.5.1 (b);
- (e) the Warehousekeeper shall record on NYSE Liffe Guardian that the 5 kg sample has been drawn; and

- (f) the Warehousekeeper shall maintain a record of the equipment used for the repiling and sampling, the speed of the Cocoa flow and the intervals during which the incremental samples were drawn, and the individual dates on which each incremental sample, or consecutive incremental samples, were drawn.

**D 2.7 Submission of a Sample**

- D 2.7.1 A Warehousekeeper shall draw a sample in accordance with Procedures D 2.4 to D 2.6, as the case may be, and shall submit such sample directly to the Grading Room for grading. Customs duties, if any, shall be for the account of the Warehousekeeper.
- D 2.7.2 Samples for grading, and the related application for grading, must be submitted directly to the Grading Room:
  - (a) in respect of a Standard Delivery Unit or Large Delivery Unit, within 60 calendar days of the date on which the sample was drawn; and
  - (b) in respect of a Bulk Delivery Unit, within 60 calendar days of the date on which the first incremental sample forming part of the sample material was drawn.
- D 2.7.3 The Exchange may at its sole discretion, designate the time or day at which samples may be delivered to the Grading Room.
- D 2.7.4 A member may request the Exchange to withdraw a sample submitted to the Grading Room for grading in accordance with the Procedures detailed in Section E of these Procedures. Any such request must be made to the Grading Room via NYSE Liffe Guardian. Requests to withdraw samples submitted to the Grading Room for grading may be made at any time prior to the sample being presented to the Grading Panel for grading.
- D 2.7.5 Where a valid request to withdraw a sample submitted to the Grading Room for grading has been received, the Exchange may charge the member requesting the withdrawal a fee as prescribed from time to time by the Exchange.



**D 2.8 Fumigation and Fogging**

- D 2.8.1 Pursuant to Procedure D 1.15.2 (e), the cost of fumigating and fogging Cocoa stored in accordance with the Cocoa contract terms shall be for the account of the Warehousekeeper. It is understood that the Warehousekeeper shall charge a periodic fee, to cover the cost of fumigation and/or fogging, in addition to the Rent that is charged.
- D 2.8.2 In the event of LIFFE Registered Cocoa Graders finding live infestation in a sample, the applicant member may submit a new sample together with documentary evidence from the Warehousekeeper that the relevant Delivery Unit has been fumigated.
- D 2.8.3 All Warrants tendered shall be endorsed by the Warehousekeeper to the effect that fumigation and/or fogging fees have been paid in respect of the period up to and including the Settlement Day and in the case of a Nominated Bulk Delivery Unit up to the Conversion Settlement Day or the Extended Conversion Settlement Day as the case may be.
- D 2.8.4 Once the Warehousekeeper has charged a fumigation and/or fogging fee on Cocoa, a fee may continue to be charged regardless of whether or not a current Grading Result is in effect. Movement of the Cocoa for fumigation purposes, shall be subject to Procedure D 1.22.
- D 2.8.5 An Owner of Cocoa may only cease to pay the fumigation and/or fogging fee if the Cocoa:
- (a) is graded not tenderable and is de-listed from NYSE Liffe Guardian;
  - (b) is sold commercially and de-listed from NYSE Liffe Guardian; or
  - (c) is re-piled and de-listed from NYSE Liffe Guardian.
- D 2.8.6 If, within 28 days of being de-listed under the circumstances outlined in Procedure D 2.8.5, the Cocoa is found to be infested, the cost of fumigation shall be borne by the Warehousekeeper.
- D 2.8.7 The cost of such fumigation and/or fogging shall be for the Owners account where:
- (a) the Cocoa stored in a Warehouse is sold other than under a Contract;
  - (b) a Phytosanitary Certificate is required; or
  - (c) the Owner requests the Cocoa to be fumigated, notwithstanding the apparent absence of infestation,

D 2.8.8 If, under these Procedures, the Owner of the Cocoa is of the opinion that fumigation is necessary to eradicate current infestation but the Warehousekeeper disagrees, then, in order to establish the need for fumigation, the Owner must provide either:

- (a) an order from a local official body (e.g. Port Health Authority) that fumigation must be carried out; or
- (b) a report from a competent independent authority confirming that fumigation is necessary.

If the local official body or the competent independent authority should deem it unnecessary for the Cocoa to be fumigated all charges and fees in respect of such inspections/reports will be for the account of the Owner of the Cocoa, otherwise such costs, if any, shall be borne by the Warehousekeeper.

## **D 2.9 Conversion of a Delivery Unit**

D 2.9.1 In addition to his obligations under Procedure D 1.17 a Warehousekeepers will be required to identify a Delivery Unit that has been converted by including the following on NYSE Liffe Guardian as a suffix to the Warrant number:

- (a) “DFB” (derived from Bulk);
- (b) “DFL” (derived from Large); or
- (c) “DFS” (derived from Standard).

D 2.9.2 The Owner of the Cocoa comprising a Delivery Unit, details of which are represented by the Warrant recorded on NYSE Liffe Guardian, may instruct a Warehousekeeper to convert such a Delivery Unit provided that:

- (a) the prior written consent of the Exchange is obtained and, subject to Cocoa Contract Term 12.04(a), such Delivery Unit is not the subject of a Tender; and
- (b) such conversion is made in accordance with these Procedures and the status of the Warehousekeeper.

D 2.9.3 A Warehousekeeper may:

- (a) convert a Bulk Delivery Unit to Large and/or Standard Delivery Units, or a Large Delivery Unit to Standard Delivery Units either:
  - (i) upon instruction from the Exchange to the Seller to convert a Delivery Unit in accordance with Cocoa Contract Term 12.03; or

- (ii) at the request of the Owner of the Cocoa; or
  - (b) convert Standard or Large Delivery Units to form a Large or Bulk Delivery Unit at the request of the Owner of the Cocoa.
- D 2.9.4
- (a) A conversion of:
    - (i) a Bulk Delivery Unit into Standard and/or Large Delivery Units; or
    - (ii) Standard and/or Large Delivery Units into a Bulk Delivery Unit;
- or
- (b) the formation of a Bulk Delivery Unit from any other Cocoa (subject to Procedures D 2.9.11 and D 2.9.12), for delivery under a Contract, shall only be undertaken by a Dual Capacity Warehousekeeper.
- D 2.9.5
- (a) A conversion of:
    - (i) a Large Delivery Unit into Standard Delivery Units; or
    - (ii) Standard Delivery Units into a Large Delivery Unit; or
  - (b) the formation of a Standard or Large Delivery Unit from any other Cocoa (subject to Procedures D 2.9.11 and D 2.9.12),
- for delivery under a Contract, may be undertaken by either a Dual or Single Capacity Warehousekeeper.
- D 2.9.6
- A Warehousekeeper storing a Bulk Delivery Unit shall ensure the availability of bags meeting the criteria prescribed by the Exchange, in order to meet the requirements to convert a Bulk Delivery Unit if so required by the Exchange in accordance with Cocoa Contract Term 12.03.
- D 2.9.7
- Upon conversion of an Original Delivery Unit:
- (a) the Valid Grading Result for the Original Delivery Unit shall immediately lapse, unless the Original Delivery Unit is a Nominated Delivery Unit, in which case the Valid Grading Result for the Nominated Delivery Unit shall, subject to Cocoa Contract Term 16.11, apply to each Converted Delivery Unit;
  - (b) each Converted Original Delivery Unit shall be weighed;
  - (c) a new Warrant number for each Converted Original Delivery Unit shall be issued by the Warehousekeeper in accordance with these Procedures; and

- (d) new Warrant details of the Delivery Unit shall be recorded on NYSE Liffe Guardian for each Converted Original Delivery Unit in accordance with Procedure D 1.3.

D 2.9.8 A Converted Original Delivery Unit, which is not a Converted Delivery Unit, may only be delivered under a Contract if it has been re-graded in accordance with these Procedures and a Valid Grading Result has been issued upon such re-grading.

D 2.9.9 If, as a result of a conversion, a Delivery Unit is moved by a Warehousekeeper from one of its Warehouses to another, such Delivery Unit may only be delivered under a Contract:

- (a) if it is reweighed and new Warrant details are recorded on NYSE Liffe Guardian prior to the day specified in the Administrative Procedures in the Cocoa contract terms for the relevant Delivery Month; or
- (b) in respect of a Converted Delivery Unit, if it is reweighed, and revised Warrant details are recorded on NYSE Liffe Guardian prior to the first Business Day prior to the Conversion Settlement Day or the first Business Day prior to the Extended Conversion Settlement Day, as the case may be, for the relevant Delivery Month.

D 2.9.10 If, as a result of conversion, a Delivery Unit is moved out of the control of a Warehousekeeper, such Delivery Unit may only be delivered against a Contract if it is reweighed at the Warehouse of the new Nominated Warehousekeeper or otherwise in accordance with these Procedures, revised Warrant details are recorded on NYSE Liffe Guardian, and it is re-graded as tenderable.

D 2.9.11 The costs of converting a Delivery Unit shall be borne by the Owner of the Cocoa comprising such Delivery Unit.

D 2.9.12 The Exchange may, at its absolute discretion, supervise the conversion of a Delivery Unit.

## **D 2.10 Conversion of a Nominated Delivery Unit**

D 2.10.1 Where the Owner of Cocoa comprising a Bulk Delivery Unit instructs a Warehousekeeper to convert such Delivery Unit to Large and/or Standard Delivery Units, the following Procedures shall apply:

- (a) the Owner of the Cocoa shall advise the Warehousekeeper of the identity of the Bulk Delivery Unit to be converted, and the type of Delivery Units to which it is to be converted;

- (b) the Warehousekeeper shall give the Exchange a minimum of one clear business day notice of the commencement of the conversion process;
- (c) during conversion, Cocoa comprising the Bulk Delivery Unit shall be packed into bags meeting the criteria prescribed by the Exchange from time to time. The bags shall be marked with the following information:
  - (i) Origin of the Cocoa;
  - (ii) Shipment Period (as determined from the Delivery Unit details);
  - (iii) the name or identifying mark of the Warehousekeeper storing the BDU; and
  - (iv) the letters “DFB” (derived from Bulk);
- (d) the bagged Cocoa shall be palletised in accordance with the requirements prescribed by the Exchange from time to time, and moved to a Warehouse nominated by the Exchange for the storage of Cocoa in bags. Upon arrival at such Warehouse, the Cocoa shall be weighed and piled into the appropriate Delivery Units in accordance with the requirements prescribed by the Exchange from time to time and otherwise conforming with the requirements of the Cocoa contract terms and these Procedures; and
- (e) the Warehousekeeper shall, record on NYSE Liffe Guardian the new Warrant details including any new weight details .

D 2.10.2 Where the Owner of the Cocoa comprising a Large Delivery Unit instructs a Warehousekeeper to convert such Delivery Unit to Standard Delivery Units, the following Procedures shall apply:

- (a) the Owner of the Cocoa shall advise the Warehousekeeper of the identity of the Large Delivery Unit to be converted;
- (b) the Warehousekeeper shall give the Exchange a minimum of one clear business day notice of the commencement of the conversion process;
- (c) the Cocoa shall be weighed and piled into the appropriate Delivery Units in accordance with the requirements prescribed by the Exchange from time to time and otherwise conforming with the requirements of the Cocoa contract terms and these Procedures; and
- (d) the Warehousekeeper shall record on NYSE Liffe Guardian the new Warrant details including any new weight details.

**D 2.11 Conversion of an Original Delivery Unit**

- D 2.11.1 Where the Owner of Cocoa comprising a Bulk Delivery Unit instructs a Warehousekeeper to convert such Delivery Units to Large and/or Standard Delivery Units, the following Procedures shall apply:
- (a) the Warehousekeeper shall inform the Exchange of the details of the instructions and request approval to convert the Delivery Unit;
  - (b) the Exchange shall not approve such conversion if the Delivery Unit has been previously graded as not tenderable, or for any other reason at the absolute discretion of the Exchange;
  - (c) the Warehousekeeper shall give the Exchange a minimum of one clear business day notice of the commencement of the conversion process;
  - (d) during conversion, Cocoa comprising the Bulk Delivery Unit shall be packed into bags meeting the criteria prescribed by the Exchange from time to time. The bags shall be marked with the following information:
    - (i) Origin;
    - (ii) Shipment Period (as determined from the Delivery Unit details);
    - (iii) the name or identifying mark of the Warehousekeeper storing the BDU; and
    - (iv) the letters “DFB” (derived from Bulk);
  - (e) the bagged Cocoa shall be palletised and moved to:
    - (i) a segregated area of the Warehouse if such Warehouse meets the requirements outlined in Procedure D 1.16.8. or
    - (ii) to a Warehouse nominated by the Exchange for the storage of Cocoa in bags.

The Cocoa shall be weighed and piled into the appropriate Delivery Units conforming with the requirements of the Cocoa contract terms and these Procedures; and
  - (f) the Warehousekeeper shall enter onto NYSE Liffe Guardian the new Warrant details including any new weight details.

- D 2.11.2 Where the Owner of Cocoa comprising a Large Delivery Unit instructs a Warehousekeeper to convert such Delivery Unit to Standard Delivery Units, the following Procedures shall apply:
- (a) the Warehousekeeper shall inform the Exchange of the details of the instructions and request approval to convert the Delivery Unit;
  - (b) the Exchange shall not approve such conversion if the Delivery Unit has previously been graded not tenderable, or for any other reason at the absolute discretion of the Exchange;
  - (c) the Warehousekeeper shall give the Exchange a minimum of one clear business day notice of the commencement of the conversion process; and
  - (d) the Warehousekeeper shall, enter onto NYSE Liffe Guardian the new Warrant details including any new weight details.
- D 2.11.3 Where the Owner of Cocoa comprising a Standard or Large Delivery Unit instructs a Warehousekeeper to convert such Delivery Units to Large or Bulk Delivery Units, the following Procedures shall apply:
- (a) the Warehousekeeper shall:
    - (i) inform the Exchange of the details of the instructions including:
      - (A) the Warrant numbers of the Delivery Units to be converted and Warehouse in which each is stored;
      - (B) the Warehouse in which the resulting Delivery Unit is to be stored;
      - (C) any further information which the Exchange may request; and
    - (ii) request approval to convert the Delivery Unit;
  - (b) the Exchange shall not approve such conversion if any of the relevant Delivery Units has previously been graded not tenderable, or for any other reason at the absolute discretion of the Exchange; and
  - (c) upon receipt of the Exchange's approval to convert the Delivery Unit, the Warehousekeeper shall:

- (i) in respect of the formation of a Bulk Delivery Unit:
  - (A) remove the Cocoa being converted to a Warehouse nominated for the storage of bulk Cocoa;
  - (B) de-bag the Cocoa, weigh and pile it; and
- (ii) in respect of the creation of a Large Delivery Unit, weigh such delivery Unit and re-pile in accordance with Procedure D 2.1;

and if so instructed by the Owner of the Cocoa sample the Cocoa in accordance with Procedures D 2.3 and D 2.4 or D 2.5, as the case may be.

## **D 2.12      Rebagging of Cocoa in Unsound or Damaged Bags**

D 2.12.1      In respect of a Standard Delivery Unit or Large Delivery Unit, details of which are represented by the Warrants recorded on NYSE Liffe Guardian and which is, or has been, the subject of a Valid Grading Result, the Cocoa may be rebagged at the discretion of the Exchange where the fabric of the bags comprising all or part of the Delivery Unit has become unsound or damaged, providing the Cocoa contained in such bags remains sound.

D 2.12.2      In the event that such rebagging is required, the Warehousekeeper storing the Cocoa shall inform the Exchange of the details, including the following information:

- (a) proof of the instructions from the Owner of the Cocoa to rebag such Cocoa;
- (b) the reason why rebagging is necessary;
- (c) the Warrant number of the relevant Delivery Unit; and
- (d) the approximate number of bags requiring rebagging

and request approval to rebag the Cocoa.

D 2.12.3      In considering such a request, the Exchange may require further information to be provided by the Warehousekeeper. In the event that such rebagging is authorised by the Exchange, it may, at its absolute discretion, supervise such rebagging.

D 2.12.4      Where such rebagging occurs, the Warehousekeeper shall rebag the Cocoa into bag(s) meeting the criteria prescribed by the Exchange from time to time. Where the Exchange has appointed a supervisor, the rebagging shall only take place in the presence of such supervisor.



- D 2.12.5 The bag(s) into which the Cocoa is rebagged shall be marked with the mark or marks of the original bag(s).
- D 2.12.6 The Warehousekeeper shall amend the details on the Warrant for the Delivery Unit to show the number of original bags which have been rebagged.
- D 2.12.7 Upon the rebagging of any such Cocoa comprised in a Delivery Unit, any Valid Grading Result for such Delivery Unit shall, subject to Cocoa contract term 3.05(d), immediately lapse, unless the Exchange determines, in its absolute discretion, that the Valid Grading Result shall continue to apply to Cocoa contained in a Delivery Unit which has been rebagged in whole or in part:
- (a) as a consequence of one or more bags contained in the Delivery Unit becoming damaged in the Warehouse or in transit; and
  - (b) in accordance with any instructions or other directions given by the Exchange.
- D 2.12.8 The costs of rebagging Cocoa comprised in a Delivery Unit shall be borne by the Owner of the Cocoa.
- D 2.13 Top-up of a Delivery Unit**
- D 2.13.1 In respect of a Delivery Unit, details of which are represented by the Warrant recorded on NYSE Liffe Guardian and which is, or has been, the subject of a Valid Grading Result, and upon reweighing is found to be of a weight less than the tolerance specified in Term 5.05 of the Cocoa Futures contract, Cocoa may be added to the Delivery Unit provided that:
- (a) following the addition of Cocoa the Delivery Unit is in compliance the Contract Terms and with Procedure D 2.1.3; and
  - (b) the additional Cocoa has never been graded as not tenderable; and
  - (c) in respect of Standard or Large Delivery Units the additional Cocoa is contained in bag(s) meeting the criteria prescribed by the Exchange from time to time.
- D 2.13.2 Any Delivery Unit having a Valid Grading Result which has been the subject of a top-up may not be tendered following the top up until the Delivery Unit has been weighed and re graded as tenderable.
- D 2.13.3 The cost of a top-up of a Delivery Unit shall be borne by the Owner of the Cocoa.

**D 3. Robusta Coffee**

**D 3.1 Piling of Robusta Coffee**

**D 3.1.1 Robusta Coffee Shipped from Origin in Bags**

D 3.1.1.1 In respect of Robusta Coffee Goods, details of which are represented by the Warrant recorded on NYSE Liffe Guardian, the following storage requirements shall be observed:

- (a) each lot shall all be packed in sound bags which are in external good order, are woven from natural fibres, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time;
- (b) each parcel or lot shall be stored on pallets at ground level, with the exception of multi-storey Warehouses with wooden floors where the bags of Robusta Coffee may be stored directly on the floor;
- (c) the Robusta Coffee comprising a parcel or lot shall be stored, subject to Procedure D 3.1.1.1 (d) together in a single row or pile;
- (d) subject to Schedule 1 of these Procedures, where a lot or parcel is composed of palletised bags, the bags on each pallet shall relate only to that lot or parcel. Where there is a balance of bags making up a parcel or lot which is insufficient to fill a pallet to capacity those remaining bags shall be exclusively stored on a pallet which shall be marked in accordance with Procedure D 3.2 and placed either on top of the column of pallets comprising the majority of the lot or parcel or at the end of the row in which the lot or parcel is piled;
- (e) Robusta Coffee shall be stored with a gap of at least 45 centimetres:
  - (i) from any wall;
  - (ii) from any other Robusta Coffee or other material stored in the Warehouse to allow compliance with Procedure D 3.1.1.1 (f); and
- (f) at least 40% of the bags in a parcel or lot must be accessible for inspection. Where the parcel or lot is composed of palletised bags stored in columns or rows, at least one side of each pallet shall be readily accessible for inspection.

D 3.1.1.2 A lot may not, in whole or in part, be comprised of Robusta Coffee which previously comprised a lot graded under Procedure E 3.

**D 3.1.2 Shipped from Origin in Bulk**

D 3.1.2.1 In respect of Robusta Coffee Goods, details of which are represented by the Warrant recorded on NYSE Liffe Guardian, the following storage requirements shall be observed:

- (a) Each lot shall all be packed in either;
  - (i) sound bags which are in external good order, are woven from natural fibres, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time and which shall have a Gross Weight of no more than 80 kilograms and shall comply with Procedure D 3.1.1.1; or
  - (ii) sound FIBCs which must be sealed by means of a numbered and suitably recorded seal, are in external good order, are constructed using woven material such that they prevent condensation occurring during storage, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time and which shall have a Gross Weight of no less than 900 kilograms and no more than 1,100 kilograms and shall comply with Procedure D 3.1.2.1 (b) to (f) inclusive.
- (b) Each lot shall be stored on pallets at ground level.
- (c) The Robusta Coffee comprising a lot shall be stored together in a single row or pile.
- (d) Robusta Coffee stored in one FIBC may only relate to the same lot.
- (e) Robusta Coffee shall be stored with a gap of at least 45 centimetres:
  - (i) from any wall; and
  - (ii) from any other Robusta Coffee or other material stored in the Warehouse to allow compliance with Procedure D 3.1.2.1 (f); and
- (f) all of the FIBCs must be accessible for inspection.

D 3.1.2.2 A lot may not, in whole or in part, be comprised of Robusta Coffee which previously comprised a lot graded under Procedure E 3.

### **D 3.2 Identification of a parcel or lot**

D 3.2.1 Each parcel or lot shall be readily identifiable by the Warehousekeeper and the Exchange officials. The following minimum requirement for the identification of a parcel or lot shall apply:

- (a) A label, visible from the aisle side of the column and/or row shall be securely fastened to either a bag or FIBC lying on the first pallet of the storage sequence or the pallet itself and shall show, as a minimum, the Warrant number relating to the parcel or lot and the number of bags or FIBCs comprising the parcel or lot; and;
- (b)
  - (i) For bags  
A bag on the bottom layer of bags of each pallet and visible from the aisle side of the column and/or row shall be marked clearly, legibly and indelibly on the fabric of the bag with the Warrant number of the parcel or lot.
  - (ii) For FIBCs  
Each FIBC visible from the aisle side of the column and/or row shall be marked clearly, legibly and indelibly on the fabric of the FIBC with the Warrant number of the lot and the gross weight.

### **D 3.3 Weighing of a parcel or lot**

D 3.3.1 A parcel or lot shall be weighed or reweighed:

- (a) when the parcel or lot is piled for tendering;
- (b) each time the Robusta Coffee contained in the parcel or lot is re-bagged in accordance with Procedure D 3.8; and
- (c) each time the parcel or lot is moved or is the subject of a change in control, in accordance with Procedures D 1.19 to D 1.24, as the case may be.

D 3.3.2 Contract Term 5.06 of the Robusta Coffee Futures Contract sets out the requirements for periodic reweighing and applicable weight allowances. Should Robusta Coffee require reweighing before delivery, such reweighing shall be at the Owner's expense.

D 3.3.3 The tare weight of the bags or FIBCs shall be that ascertained when the Robusta Coffee was originally weighed and the Warrant details recorded on NYSE Liffe Guardian.

D 3.3.4 In the event of reweighing, if not already stored in adjacent piles, parcels forming lots should be moved into adjacent piles.

**D 3.4 Sampling of a parcel or lot**

- D 3.4.1 In respect of a parcel or lot which is to be graded pursuant to Procedures 1 and 3, the member or, if he is not the Owner of the Robusta Coffee, the Owner on whose behalf the member is making the application for grading, shall instruct the Warehousekeeper in writing to draw a sample from the parcel or lot to be graded.
- D 3.4.2 If two to five lots are to be sampled from the same consignment, and those lots consist of Robusta Coffee from one Origin, ex one Vessel shipped on one Bill of Lading, and stored in the same Warehouse under the control of the same Warehousekeeper then the Owner may instruct the Warehousekeeper to draw and present the individual samples to be graded as grouped lots.
- D 3.4.3 Where the Warehousekeeper has provided sampling notification to the Exchange on any business day by 12:00 hours London time, sampling may commence on the following business day. Where sampling notification is received after this time, sampling may only begin on the second business day. The Warehousekeeper shall advise the Exchange whether or not the samples are to be delivered to be graded as grouped lots. The Warehousekeeper shall:
- (a) draw the sample in accordance with these Procedures;
  - (b) upon completion of drawing the sample, send the sample direct to the Grading Room, for assessment by a Grading Panel appointed by the Exchange. Samples forming grouped lots shall all be presented to the Grading Room together;
  - (c) in accordance with Procedure D 1.3.3 enter all Warrant details of a parcel or lot on NYSE Liffe Guardian no later than two business days after the arrival of the sample at the Grading Room. Grading will not commence until such details are complete. Samples which have been in the Grading Room for more than two business days, and for which details are not complete, may be removed from the grading queue.
- D 3.4.4 Subject to Procedure D 1.5.7 and D 1.5.8, if sampling is to occur outside of normal Port working hours and that the sampling is deemed to require supervision, then this is to occur at times mutually agreed between the Warehousekeeper and the Exchange.
- D 3.4.5 Before sampling, the parcel or lot identified correctly in accordance with Procedure D 3.2 shall be inspected by the Warehousekeeper and, if supervised, the Supervision Company shall confirm:
- (a) that the Robusta Coffee complies with Procedure D 3.1; and
  - (b) all sampling apparatus is clean, dry and free from foreign odours.

- D 3.4.6 Where one or both of the conditions in Procedure D 3.4.5 are not met the Warehousekeeper or, if supervised, the Supervision Company shall immediately contact the Exchange which shall determine what action shall be taken before sampling can commence.
- D 3.4.7 Any sample to be presented to the Grading Room shall be drawn and sealed, all of which is to occur on the same day. All samples forming grouped lots shall be drawn and sealed on the same day.
- D 3.4.8 Each lot shall comprise of not more than two parcels of Robusta Coffee. Where a lot is to be formed of two parcels, a sample from each parcel must be submitted for grading and both samples must be covered by a Valid Grading Result for the lot to be tenderable. Where a sample relating to a parcel is graded not tenderable then the whole lot comprising of both parcels shall be not tenderable. The parcel comprising such lot which was graded as tenderable may not be combined with another tenderable parcel to form a tenderable lot.
- D 3.4.9 In respect of each sample drawn from a parcel or lot stored in bags:
- (a) a grading sample of 1.5 kg minimum weight shall be drawn which; shall be representative of the parcel or lot as a whole, and shall be taken randomly from a minimum of 30% of the number of sound bags forming the parcel or lot and over the full height and width of the parcel or lot directly into a clean, dry, empty and odourless cotton or linen sample bag; with a tare not exceeding 100 g to be presented to the LIFFE Grading Room.
  - (b) The sample bag shall be sealed with the Warehousekeeper's seal and also if supervised the Supervision Company's seal. The following minimum details shall be marked on the bag:
    - (i) the Warehousekeeper responsible for drawing the sample;
    - (ii) Warrant number;
    - (iii) Port;
    - (iv) Origin;
    - (v) date on which the Robusta Coffee was landed; and
    - (vi) the bar code issued by or recorded on NYSE Liffe Guardian in respect of the sample.

D 3.4.10 In respect of each sample drawn from a lot stored in FIBCs:

- (a) a grading sample of 1.5 kg minimum weight shall be drawn which; shall be representative of the lot as a whole, and shall be taken by means of one of the following procedures:
  - (i) **Sampling from a conveyor during bagging**  
Sample material of 12.5 kg minimum weight (the bulk sample) which is representative of the lot as a whole shall be derived from Robusta Coffee drawn on an incremental basis perpendicularly across the whole flow of a moving stream of Robusta Coffee (but excluding the 'fall') comprising the whole lot, while the Robusta Coffee is being bagged. The incremental samples shall be drawn at regular intervals dependent on the speed of the flow, each comprising of a minimum of 250g of Robusta Coffee such that a total of a minimum 50 individual samples are drawn from the lot. The Warehousekeeper shall maintain a record of the equipment used for the bagging and sampling, the speed of the Robusta Coffee flow and the intervals during which the incremental samples were drawn.
  - (ii) **Sampling using a compartmentalised sampling iron**  
Sample material of 12.5 kg minimum weight (the bulk sample) which is representative of the lot as a whole shall be derived from Robusta Coffee drawn once the FIBCs are filled with Robusta Coffee but before they are sealed. Samples may be drawn from each FIBC by use of a sampling iron which has a minimum of four compartments in its length. Each FIBC shall be sampled a minimum of five times by access through the loading chute, such that the sampling iron reaches the bottom of the FIBC's four corners, or each quadrant, and once central vertically down the middle of the FIBC. A minimum of 1.25kg per FIBC shall be drawn.
  - (iii) **Sampling using a sampling iron**  
Sample material of 12.5 kg minimum weight (the bulk sample) which is representative of the lot as a whole shall be derived from Robusta Coffee drawn once the FIBCs are filled with Robusta Coffee and before they are sealed. Samples may be drawn from each FIBC by use of a sampling iron which is of sufficient length to reach the centre of the FIBC. Sampling must be on one side of the FIBC with a minimum of five incremental samples being drawn, such that each facing corner is sampled with one taken from the middle of the bag. A minimum of 1.25kg per FIBC shall be drawn. The sampling holes shall be immediately repaired such that neither the contents nor the FIBC are compromised.

- (b) The bulk sample, which shall be a minimum of 12.5 kg, shall be quartered to provide a grading sample of 1.5 kg minimum weight. The balance of the bulk sample shall be returned to the relevant lot before the FIBCs are sealed and weighed.
- (c) the grading sample shall be placed in a clean, dry, empty and odourless cotton or linen sample bag with a tare not exceeding 100 g.
- (d) The sample bag shall be sealed with the Warehousekeeper's seal, and also if supervised the Supervision Company's seal. The sample bag shall be marked as specified in Procedure D 3.4.9 (b).

### **D 3.5 Submission of a Sample**

- D 3.5.1 A Warehousekeeper shall draw a grading sample in accordance with Procedure D 3.4, and shall submit such sample directly to the Grading Room for grading. Customs duties, if any, shall be for the account of the Warehousekeeper.
- D 3.5.2 Grading samples, and the related application for grading, must be submitted directly to the Grading Room within 28 calendar days of the date on which they were drawn.
- D 3.5.3 The Exchange may at its sole discretion, designate the time or day at which samples may be delivered to the Grading Room.

### **D 3.6 Fumigation and Fogging**

- D 3.6.1 Pursuant to Procedure D 1.15.2 (e), the cost of fumigating and fogging of Robusta Coffee stored in accordance with the Robusta Coffee Contract terms shall be for the account of the Warehousekeeper.
- D 3.6.2 In the event of LIFFE Registered Robusta Coffee Graders finding live infestation in a sample, the Owner of the Robusta Coffee may submit a new sample together with documentary evidence from the Warehousekeeper that the relevant parcel or lot has been fumigated.
- D 3.6.3 The cost of such fumigation and/or fogging shall be for the owners account where:
  - (a) the Robusta Coffee stored in a Warehouse is sold other than under a Contract; or
  - (b) a Phytosanitary Certificate is required; or
  - (c) the Owner requests the Robusta Coffee to be fumigated notwithstanding the apparent absence of infestation.



D 3.6.4 If, under these Procedures, the Owner of the Robusta Coffee is of the opinion that fumigation and/or fogging is necessary to eradicate current infestation but the Warehousekeeper disagrees, then, in order to establish the need for fumigation and/or fogging, the Owner must provide either:

- (a) an order from a local official body (e.g. Port Health Authority) that fumigation must be carried out; or
- (b) a report from a competent independent authority confirming that fumigation and/or fogging is necessary.

If the local official body or the competent independent authority should deem it unnecessary for the Robusta Coffee to be fumigated and/or fogged all charges and fees in respect of such inspections/reports will be for the account of the Owner of the Robusta Coffee, otherwise such costs, if any, shall be borne by the Warehousekeeper.

### **D 3.7 Re-bagging of Robusta Coffee stored in Unsound or Damaged Bags**

D 3.7.1 Robusta Coffee Goods stored in a parcel or lot which is, or has been, the subject of a Valid Grading Result may be re-bagged at the discretion of the Exchange where the fabric of the bags comprising all or part of a parcel or lot or the FIBCs comprising all or part of a lot have become unsound or damaged, providing the Robusta Coffee contained in such bags remains sound.

D 3.7.2 In the event that such re-bagging is required, the Warehousekeeper storing the Robusta Coffee shall inform the Exchange of the details, including the following information:

- (a) proof of the instructions from the Owner of the Robusta Coffee to re-bag such Robusta Coffee;
- (b) the reason why re-bagging is necessary;
- (c) the Warrant number of the relevant parcel or lot; and
- (d) the approximate number of bags or FIBCs requiring re-bagging,

and request approval to re-bag the Robusta Coffee.

D 3.7.3 In considering such a request, the Exchange may require further information to be provided by the Warehousekeeper. In the event that such re-bagging is authorised by the Exchange, it may, at its absolute discretion, supervise such re-bagging.

D 3.7.4 Where such re-bagging occurs, the Warehousekeeper shall re-bag the Robusta Coffee into bags or FIBCs meeting the criteria prescribed by the Exchange

from time to time. Where the Exchange has appointed a supervisor, the re-bagging shall only take place in the presence of such supervisor.

- D 3.7.5      The bag(s) into which the Robusta Coffee is rebagged shall be marked with the mark or marks of the original bag(s).
- D 3.7.6      The Warehousekeeper shall amend the details on the Warrant for the parcel or lot to show the number of original bags which have been rebagged.
- D 3.7.7      Upon the rebagging of any such Robusta Coffee comprised in a parcel or lot, any Valid Grading Result for such parcel or lot shall immediately lapse, unless the Exchange determines, in its absolute discretion, that the Valid Grading Result shall continue to apply to Robusta Coffee comprised in a parcel or lot which has been rebagged in whole or in part:
- (a)      as a consequence of one or more bags contained in the parcel becoming damaged in the Warehouse or in transit; and
  - (b)      in accordance with any instructions or other directions given by the Exchange .
- D 3.7.8      The costs of rebagging Robusta Coffee comprised in a parcel shall be borne by the Owner of the Robusta Coffee.

## **Section E**

### **Grading Procedures in respect of Cocoa and Robusta Coffee**

#### **E 1. GENERAL**

##### **E 1.1 LIFFE Grading Operations**

E 1.1.1 The grading operations necessary to support the LIFFE Cocoa Futures and Robusta Coffee Futures Contracts are managed by NYSE Liffe Clearing.

E 1.1.2 In respect of grading operations, NYSE Liffe Clearing is responsible for:

- (a) maintaining a list of suitably qualified and Registered Graders;
- (b) convening Grading Panels and Appeal Panels;
- (c) supervising the grading and appeal process, where necessary;
- (d) recording and disseminating Grading Results; and
- (e) overseeing the return of a graded sample to an applicant or his appointed agent.

E 1.1.3 Neither the Exchange nor any department, panel or individual operating on behalf of or in association with the Exchange shall do anything under these Procedures or take any other action which shall put the Exchange in breach of any legislation, restriction or sanction to which it is subject.

##### **E 1.2 Application and Qualification as a LIFFE Registered Cocoa or Robusta Coffee Grader**

E 1.2.1 To be registered with the Exchange as a LIFFE Registered Cocoa or Robusta Coffee Grader, an individual must complete an application in the form prescribed by the Exchange from time to time. The Exchange will determine, in its absolute discretion, whether the applicant is suitable and if so, the applicant will be invited to attend either a Cocoa or Robusta Coffee grading course, as the case may be, held by the Exchange. Such courses are held by the Exchange at such times and at such cost to the applicant as the Exchange may determine in its absolute discretion.

E 1.2.2 An employee of, or a person in regular employment by a Warehousekeeper or Supervision Company is ineligible to be registered as a Grader, as such person may have a potential conflict of interest.

E 1.2.3 Registered Cocoa or Robusta Coffee graders, who may be employees of the Exchange, must on completion of the grading course, undertake the written and practical examinations prescribed by the Exchange.

- E 1.2.4 All applicants who successfully complete the examination process must sign a Grader's Letter of Undertaking before undergoing a series of "grading observations", the nature and duration of which shall be determined by the Exchange.
- E 1.2.5 Notwithstanding that an applicant has complied with Procedures E 1.2.1 to 1.2.4, the Exchange may, in its absolute discretion, deny the applicant registration as a LIFFE Registered Cocoa or Robusta Coffee Grader.
- E 1.2.6 The Exchange may require a Grader to undergo a series of grading observations as specified in Procedure E 1.24, if the Grader has not participated in a Grading Panel for six months or more.
- E 1.3 Conduct of Graders**
- E 1.3.1 A Grader must act in accordance with the standards required by these Procedures and the Grader's Letter of Undertaking.
- E 1.3.2 During the course of grading, whilst conducting other duties pertaining to their office or while on the Exchange's premises, a Grader shall maintain the highest standards of professional conduct and orderly behaviour.
- E 1.3.3 Where a Grader is called to join a Grading Panel or Appeal Panel, as the case may be, and the Grader is, or becomes, aware that the company of which he is an employee, or any Related Company, has an interest in Cocoa or Robusta Coffee that is the subject of the relevant application for grading, he shall inform the Exchange of such interest immediately. The Exchange shall either:
- (a) arrange for the Grading Panel or Appeal Panel, as the case may be, of which such Grader is a member, to grade samples in which there is no such interest; or
  - (b) defer grading until such time as another Grading Panel or Appeal Panel, as the case may be, can be constituted, or where circumstances are such that grading cannot be deferred, call another Grader to replace the Grader on the relevant Grading Panel or Appeal Panel.
- E 1.3.4 If a member of a Grading Panel or Appeal Panel is believed, in the opinion of a Senior Grader or a member of NYSE Liffe Clearing, as the case may be, or an exchange official, to be under the influence of alcohol or drugs, such Grader will not be permitted to undertake grading on behalf of the Exchange.
- E 1.3.5 While in the Grading Room, a Grader must refrain from behaviour which might distract any member of another Grading Panel or Appeal Panel.
- E 1.3.6 A Grader should not observe the grading taking place at other Grading Stations or confer with other Graders not forming part of his Grading Panel or

Appeal Panel, in respect of samples that such Grading Panel or Appeal Panel are grading. A Senior Grader may upon request, however, give his advice or opinion to another Grading Panel if it has been sought. If the Senior Grader whose opinion is sought knows he has an interest in the relevant sample he must decline to give such advice or opinion.

- E 1.3.7 A member of NYSE Liffe Clearing may stop or suspend grading at any time, if he considers that the Rules or these Procedures are being breached, or that the fairness of the grading of any sample has been compromised.
- E 1.3.8 If a member of NYSE Liffe Clearing has reason to believe that a Grader has acted or is acting in breach of the Rules or these Procedures, then the Exchange will inform the Senior Grader of the relevant Grading Panel or Appeal Panel and consult with him as to the course of action that should be taken.
- E 1.3.9 If a member of NYSE Liffe Clearing has reason to believe that a Senior Grader has acted or is acting in breach of the Rules or these Procedures then the Head of NYSE Liffe Clearing must be informed as soon as possible of the suspected breach.
- E 1.3.10 A Grader must not remove samples of Cocoa or Robusta Coffee from the Grading Room.
- E 1.3.11 Graders must leave the Grading Room promptly once they have completed grading the samples allocated to their Grading Panel or Appeal Panel, as the case may be.
- E 1.3.12 Smoking or eating in the Grading Room is prohibited.
- E 1.3.13 A Grader who fails to follow these Procedures, may be liable to further investigation. Should such an investigation provide evidence that the Grader has breached the Rules or these Procedures then the Exchange shall take such disciplinary action it deems appropriate, which may include de-registration. Any such disciplinary action will only be imposed after the Grader concerned has been given a fair and appropriate opportunity to present his case to the Exchange.

#### **E 1.4 Interested parties**

- E 1.4.1 A Grader who is employed by, or otherwise associated with, a company which is an interested party with regard to any parcel, lot or Delivery Unit, shall not be appointed to, and must not knowingly participate in, a Grading Panel or an Appeal Panel in respect of such parcel, lot or Delivery Unit. Whether such association exists shall be at the sole determination of the Exchange.
- E 1.4.2 The following are interested parties for the purpose of Procedure E 1.4.1:

- (a) the applicant for grading;
- (b) the Owner of the Goods; and
- (c) where either the applicant or Owner of the Goods is a company, a Related Company.

E 1.4.3 Notwithstanding Procedures E 1.4.1 and E 1.4.2, a Grading Result shall not be invalidated in the event that the parcel, lot or Delivery Unit to which it applies is subsequently received, by way of tender against an Exchange contract, by a company which employs, or is otherwise associated with a Grader who participated in the grading of such parcel, lot or Delivery Unit.

## **E 1.5 Termination of Registration as a Grader**

E 1.5.1 The registration of a Grader may be terminated:

- (a) upon such notice as the Exchange may deem expedient, if the Grader does not continue to meet the criteria for registration as determined by the Exchange in its absolute discretion; or
- (b) either summarily or upon such notice as the Exchange may in its absolute discretion deem expedient, if the Grader's acts, or the Grader's failure to act, is in breach of the requirements of the Rules, the Graders' Letter of Undertaking or these Procedures and, as a consequence of disciplinary action by the Exchange, the Exchange determines such termination is appropriate.

E 1.5.2 If a Grader wishes to resign from being a LIFFE Registered Cocoa or Robusta Coffee Grader, the Grader must give four weeks notice to the Exchange. A Grader must comply with any conditions the Exchange may impose on his resignation.

## **E 1.6 Grading and Appeal Panels**

E 1.6.1 On receiving an application for grading or notice of an appeal in respect of a Grading Result, the Exchange will, at its absolute discretion, convene a Grading Panel or Appeal Panel, respectively, from the list of the LIFFE Registered Cocoa or Robusta Coffee Graders, as the case may be, who are eligible to grade. The Exchange will endeavour to ensure that each Grading Panel or Appeal Panel includes a Senior Grader. In the event that a Senior Grader is not available the Exchange shall, in consultation with the Chairman of the LIFFE Registered Cocoa or Robusta Coffee Graders as the case may be, designate a Grader as a Senior Grader in respect of the Grading Panel or Appeal Panel in question.

E 1.6.2 The Exchange will as far as practicable select a LIFFE Registered Cocoa or Robusta Coffee Grader, as the case may be, to form part of a Grading Panel or Appeal Panel in rotation provided that:

- (a) not more than one Grader from the same company, or a Related Company, will be selected to form the same Grading Panel or Appeal Panel;
- (b) a Grader who is an employee of the member, or a Related Company, submitting an application for grading or, if such member is not the Owner of the Goods from which the sample was drawn, then the Owner of such Goods, or a Related Company, shall not form part of the Grading Panel or Appeal Panel undertaking the grading of such sample; and
- (c) a Grader will not form part of an Appeal Panel if such Grader formed part of the Grading Panel that originally graded such sample.

A list of Registered Cocoa and Robusta Coffee Graders will be published by the Exchange from time to time by Notice.

## **E 1.7 Grading Appeals**

E 1.7.1 In respect of:

- (a) Cocoa, the applicant member may appeal the Grading Result issued by the Exchange provided such appeal is made in accordance with these Procedures and within twenty business days after the date of the Grading Result; and
- (b) Robusta Coffee, there shall be no appeal in respect of a parcel or lot graded as tenderable. The applicant member may appeal the Grading Result in respect of a parcel or lot graded as not tenderable, provided such appeal is made in accordance with these Procedures and within five business days after the date of the Grading Result.

E 1.7.2 An appeal may be lodged by the Nominated Member via NYSE Liffe Guardian complete with the details of the relevant Warrant number.

E 1.7.3 In respect of:

- (a) Cocoa, the original sample shall be submitted within twenty business days after the date of the Grading Result; and
- (b) Robusta Coffee, for a lot or parcel graded individually the original sample shall be submitted within ten business days after the date of the Grading Result. For grouped lots, sample material weighing a minimum of 1.5kg representing the grading sample in Procedure E

3.2.2 shall be submitted within ten business days after the date of the Grading Result.

E 1.7.4 In all cases the original sample must be submitted with the Exchange's seal intact. Where such a seal is broken, an appeal will not be undertaken.

E 1.7.5 Grading appeals shall be conducted on the sample, or for samples graded as grouped lots a portion of sample material, originally submitted for grading.

E 1.7.6 If the Appeal Panel decide that the original decision of the Grading Panel should be changed, the previous Grading Result will cease to be valid. The Exchange shall notify the applicant member of the appeal Grading Result by such means and in a form prescribed by the Exchange from time to time.

## **E 1.8 Grading and Appeal Fees**

E 1.8.1 The fee payable in respect of an application for grading a Delivery Unit of Cocoa or a parcel, lot or grouped lots of Robusta Coffee or in respect of a notice of appeal, as the case may be, shall be prescribed from time to time by the Exchange. It shall be payable on demand, or at such other time and in such manner as may be prescribed by the Exchange from time to time.

E 1.8.2 Appeal fees in respect of grading appeals conducted in accordance with the: Cocoa and Robusta Coffee Contract Terms shall not be reimbursed to the applicant in any circumstances.

E 1.8.3 The Exchange shall pay to the members of a Grading Panel or Appeal Panel such fee as it shall from time to time determine.

## **E 1.9 Liability for Grading**

E 1.9.1 Without prejudice to any exclusion of liability provision in the Rules, neither the Exchange nor the Board shall be liable for any loss or damage whatsoever, whether for negligence, breach of contract, misrepresentation or otherwise, in respect of the failure to grade a sample of Cocoa or Robusta Coffee or to issue a Grading Result by a particular date.

E 1.9.2 Nothing in this Procedure shall operate to exclude or restrict the liability of the Exchange or the Board for fraud or wilful default.

E 1.9.3 No person serving on any Grading Panel or Appeal Panel shall, in the absence of bad faith or wilful default, be under any liability whatsoever whether in contract, in tort or otherwise to any member or other person for any decision taken or other act or omission in respect of an application for grading.



**E 1.10 Application for Grading or Re-grading**

E 1.10.1 An application for grading or re-grading, as the case may be, shall be made by a Nominated Member, via NYSE Liffe Guardian.

E 1.10.2 A member may apply to the Exchange for grading or re-grading, as the case may be, if, in respect of Cocoa, and subject to Procedure E 2.1:

- (i) the Delivery Unit does not have a Valid Grading Result; or
- (ii) the Delivery Unit does have a Valid Grading Result and the application for grading is made no earlier than the beginning of the calendar month immediately prior to the calendar month in which the Valid Grading Result expires;

E 1.10.3 Irrespective of the usual validity period of a Grading Result for Cocoa which is the subject of an application for re-grading in accordance with Procedure E.1.10.2 shall immediately lapse upon commencement of such re-grading.

E 1.10.4 In respect of Cocoa, no application for re-grading of a Delivery Unit may be made where the Cocoa comprising the Delivery Unit has previously been graded as not tenderable.

E 1.10.5 A member may apply to the Exchange for grading of a lot or grouped lots of Robusta Coffee at any time, subject to Procedure E 1.10.6.

E 1.10.6 In respect of Robusta Coffee, no application for grading of a lot may be made where part or all of the Robusta Coffee comprising the lot has previously been graded.

**E 1.11 Grading Process – General**

E 1.11.1 Upon receipt of one or more applications for the initial grading of Cocoa or Robusta Coffee, or the re-grading of Cocoa Goods pursuant to the relevant contract terms and these Procedures, or if otherwise required to do so under Procedure E 1.7, the Exchange shall, at its absolute discretion, convene a Grading Panel or Appeal Panel, as the case may be. Such Grading Panel or Appeal Panel shall consist (subject to Procedure E 1.6.2) of a minimum of:

- (a) three Cocoa Graders in respect of a Delivery Unit;
- (b) three Robusta Coffee Graders in respect of a lot or grouped lots.

E 1.11.2 In respect of each parcel, lot, grouped lots or Delivery Unit for which an application for grading is made, the Grading Panel shall examine the sample submitted and shall determine the Grading Result.

E 1.11.3 Subject to Procedure E 1.11.1, grading for Robusta Coffee will only commence once all the Graders selected to form a Grading Panel or Appeal Panel are present at the relevant Grading Station, and ready to commence.

E 1.11.4 Prior to grading commencing, the Grading Panel will check that:

- (a) the seal(s) on the sample is/are in place and intact; and
- (b) the sample does not weigh less than the weight prescribed in these Procedures for a sample from the relevant parcel lot or Delivery Unit.

In addition, the Grading Panel may check that the tare weight of the sample bag does not exceed the weight prescribed in these Procedures for a sample from the relevant parcel, lot or Delivery Unit.

E 1.11.5 If the details on a sample bag do not correspond to those on the relevant application for grading, a member of NYSE Liffe Clearing will advise the applicant member. The applicant member, or, if he is not the Owner of the Goods, the Owner on whose behalf the member is making the application for grading, may arrange for either the Warehousekeeper, or his appointed agent, to alter the details on the sample bag and initial and stamp the alteration.

E 1.11.6 If in the opinion a member of NYSE Liffe Clearing, or the Grading Panel, the sample bag is insecure, incorrectly sealed, appears to have been tampered with or a sample weighs less than the correct weight prescribed for a sample from the relevant parcel, lot or Delivery Unit such sample shall not be graded. The applicant member will be informed of such fact and they, or the Owner of the Goods may, instruct the Warehousekeeper to draw a fresh sample in accordance with the Rules, the relevant contract terms, and these Procedures and may then submit a new application for grading in respect of the relevant Goods.

E 1.11.7 The original sample shall be held by the Exchange until either a fresh sample is received, or until sixty calendar days has elapsed, whichever is the sooner. At such time, the applicant member may, subject to the agreement of the Exchange, arrange for the sample to be collected from the Grading Room. If, however, it is suspected that a sample has been tampered with then it will be held for further investigation by NYSE Liffe Clearing.

E 1.11.8 If the Grading Panel determine, in their absolute discretion, that the sample contents do not correspond with the details on the sample bag and the relevant application for grading, the Grading Panel shall immediately advise a member of NYSE Liffe Clearing. The member of NYSE Liffe Clearing shall consult with the Senior Grader of the relevant Grading Panel and determine the course of action that should be taken. If the Senior Grader and the member of NYSE Liffe Clearing are unable, for whatever reason, to agree a course of action the matter shall be immediately referred to the Head of NYSE Liffe Clearing who

will determine what action shall be taken by the Exchange. The applicant member will be informed of the course of action determined by the Exchange.

- E 1.11.9 Should at any time a Grading Panel discover live infestation in a sample, the grading of that sample will be discontinued and the sample contents will be returned to the sample bag which shall be sealed and marked as having live infestation. The presence of live infestation will be noted on NYSE Liffe Guardian and a member of NYSE Liffe Clearing will instruct the applicant member to make arrangements for the sample to be removed within 24 hours. If the member fails to remove the sample within 24 hours of notification, the Exchange may, at its absolute discretion, arrange for its disposal. Subject to Procedure D 2.8.2 or 3.6.2, as the case may be, a member may submit a new sample of the relevant parcel, lot or Delivery Unit for grading in accordance with Procedure E 1.10.
- E 1.11.10 Where a lot comprises of two parcels and live infestation is discovered in the sample relating to one parcel only, then the Grading Panel shall continue to grade the sample in respect of the other parcel comprising such lot. The Exchange shall notify the applicant member of the Grading Result in respect of the uninfested parcel by such means and in a form prescribed by the Exchange from time to time.
- E 1.11.11 Subject to Procedures D 2.8.2 or D 3.6.2, as the case may be, a member may submit a new sample in accordance with Procedure E 1.10, in respect of the parcel which is infested.
- E 1.11.12 Prior to leaving the Grading Room, the Senior Grader will ensure that all results relevant to the samples graded by the Grading Panel or Appeal Panel have been recorded on NYSE Liffe Guardian.
- E 1.11.13 Once grading of each sample is completed, the Exchange will re-seal such sample with the Exchange's seal. The applicant member, or his appointed agent, will be contacted to arrange collection of the sample. Should the sample not be collected promptly, it shall become the property of the Exchange who may, at its absolute discretion, arrange for its storage or disposal.
- E 1.11.14 Following completion of grading, the Exchange shall in respect of:
- (a) Cocoa, notify the applicant member and if so determined by the Exchange also notify the Warehousekeeper; or
  - (b) Robusta Coffee, notify the applicant member and the Warehousekeeper;

of the Grading Result in respect of the Goods which are the subject of the application, by such means and in a form prescribed by the Exchange from time to time. If the Exchange notifies the member of the Grading Result via

NYSE Liffe Guardian and the member is unable to access such facility, or is prevented from accessing such facility due to its malfunction or failure, the Exchange may prescribe an alternative means and, if required, form in which the Grading Result will be provided to the Nominated Member.

- E 1.11.15 In respect of Robusta Coffee, where a lot comprises of two parcels, the Valid Grading Result of such lot shall state the discounts applicable, if any, in respect of the inferior parcel. Where such parcel is graded as not tenderable then the whole lot comprising of both parcels shall not be tenderable.

## **E 2. COCOA**

### **E 2.1 General**

E 2.1.1 If a parcel or lot is graded by LIFFE Registered Cocoa Graders as not tenderable under the previous Cocoa contract terms (see E 2.1.2 below), a member may submit such Cocoa as part or all of a Delivery Unit for re-grading under the revised Cocoa contract terms.

E 2.1.2 If a Delivery Unit is graded by LIFFE Registered Cocoa Graders as not tenderable under the Cocoa contract terms, a member shall not submit such Delivery Unit for re-grading under the Cocoa contract terms, except in accordance with the following:

A member may, on one occasion only, apply to the Exchange for re-grading of a Delivery Unit where a previous application resulted in the sample being graded as not tenderable. This Procedure will only apply where both of the following conditions are satisfied:

- (a) where the original sample was graded as not tenderable under the terms of the revised Cocoa contract terms in the period from 1 November 1999 to and including 31 May 2001; and
- (b) where the reason, marked on the Grading Result, for the sample being graded as not tenderable was indicated to be “Residue”.

Notwithstanding the above, the Exchange may, in its absolute discretion, require members to provide it with such other documentary evidence as the Exchange considers necessary in order to satisfy the Exchange that the member meets the requirements detailed above.

### **E 2.2 Grading Process**

#### **E 2.2.1 Residue and Foreign Matter Test**

E 2.2.1.1 A member of the Grading Panel shall, having satisfied himself that all seals are intact, break the sample-seal(s) and shall sieve the entire sample, using a sieve with a square mesh of 6mm. The Residue and Foreign Matter falling through the sieve, as well as any Residue and Foreign Matter remaining in the sieve but identified by the Graders as being Residue or Foreign Matter, shall be weighed and such weight shall be recorded on NYSE Liffe Guardian.

A sample drawn from a Bulk Delivery Unit or Large Delivery Unit (i.e. 5 kg or 3 kg respectively), shall be sieved in two halves and the resulting weight of Residue (but excluding bean clusters) and Foreign Matter added together.

An allowance will be awarded against the weight of the Residue and Foreign Matter recorded on NYSE Liffe Guardian by reference to the relevant scale of

Allowances for Residue and Foreign Matter where the quantity of Residue and Foreign Matter does not exceed:

- (a) in respect of all Origins other than Papua New Guinea:
  - (i) 75 grams for a sample drawn from a Standard Delivery Unit;
  - (ii) 113 grams for a sample drawn from a Large Delivery Unit; or
  - (iii) 188 grams for a sample drawn from a Bulk Delivery Unit.

and

- (b) in respect of Papua New Guinea:
  - (i) 100 grams for a sample drawn from a Standard Delivery Unit;
  - (ii) 150 grams for a sample drawn from a Large Delivery Unit; or
  - (iii) 250 grams for a sample drawn from a Bulk Delivery Unit.

If the quantity of Residue and Foreign Matter marked on the grading sheet exceeds the applicable weight for the relevant Origin set out in (a) or (b) above, the sample shall be graded as not tenderable and the affected Delivery Unit cannot be delivered.

E 2.2.1.2 If, by looking at the contents of the sieve, the Graders are of the opinion that there are excessive bean clusters in the sample, the bean clusters identified in the sieve shall be weighed and an Allowance will be made if, in respect of a sample drawn from a:

- (a) Standard Delivery Unit, 52 grams or more in weight of bean clusters are identified;
- (b) Large Delivery Unit, 78 grams or more in weight of bean clusters are identified; or
- (c) Bulk Delivery Unit, 130 grams or more in weight of bean clusters are identified.

In each case, the resulting gross weight of bean clusters shall be recorded on NYSE Liffe Guardian.

For the purpose of calculating any Allowance for bean clusters, the gross weight stated on the grading sheet (if equal to or in excess of the applicable amount in (a), (b) or (c)) shall be reduced by 50% (and rounded down, if applicable, to the nearest whole gram). An Allowance in respect of the net weight shall be determined by reference to the relevant scale of Allowances

for Residue and Foreign Matter entitled “Residue and Foreign Matter Allowances (all origins except Papua New Guinea)”, irrespective of the Origin of the Cocoa in the sample.

In the event that the gross weight of bean clusters stated on the grading sheet is greater than:

- (d) 150 grams for a sample drawn from a Standard Delivery Unit;
- (e) 225 grams for a sample drawn from a Large Delivery Unit; or
- (f) 375 grams for a sample drawn from a Bulk Delivery Unit;

the sample shall be graded as not tenderable and the affected Delivery Unit cannot be delivered.

E 2.2.2 Standard Deviation of the Bean Count Test and Bean Count

E 2.2.2.1 This test is to be conducted on all Delivery Units in accordance with the provisions of the Cocoa contract terms and these Procedures:

- (a) the entire sample in respect of a Delivery Unit (i.e. 2 kg, 3 kg or 5 kg for Standard, Large or Bulk Delivery Units respectively) will be poured into a mixing container, hand mixed and passed through a sample divider. A representative sub-sample of 300 g (“300 g Sub-Sample”) will be withdrawn from the Cocoa which passed through the sample divider. Any Residue or Foreign Matter remaining in the Sub-Sample will be removed, weighed and replaced with whole beans of an equivalent weight;
- (b) three sieves, with a round mesh of 13mm, 11.5mm and 10.5mm respectively, shall be assembled in descending mesh size order onto a base and placed on the sieving machine. The 300 g Sub-Sample shall be poured onto the upper sieve, and the sieves sealed;
- (c) the sieving machine shall be set to 180rpm, and operated for three minutes. After such time, the Cocoa beans retained on each sieve and in the base shall be counted and weighed separately. Any Cocoa beans remaining in the apertures of a sieve shall be deemed to be retained on such sieve. Any Cocoa beans which subsequently fall through the mesh when dismantling the sieve shall be added to the numbers of Cocoa beans from the sieve onto which they fall. The total weight of the Cocoa beans retained in each sieve and in the base shall be rounded down to the nearest 0.1 g.

In the event that any bean clusters are found on any of the sieves following the sieving process, they shall be removed, weighed down

and replaced with whole beans of an equivalent weight and the sieving process shall be repeated; and

- (d) the information obtained in Procedure E 2.2.1 (c) including the number of beans forming the 300g (the “bean count”) shall be recorded on NYSE Liffe Guardian

E 2.2.3 Bean Cut-test

E 2.2.3.1 For the purpose of determining the percentage of Defective and Slaty beans, a quantity of Cocoa beans must be cut open along their full length, creating two halves which clearly expose both cotyledons of the Cocoa bean for examination. Cocoa beans have to be cleanly cut through the widest section and shall not be cut whilst laying flat.

E 2.2.3.2 In respect of:

- (a) an application for grading, the number of Cocoa beans cut per sample will be as follows:
  - (i) in respect of a sample drawn from a Standard or Large Delivery Unit, a minimum of 300 Cocoa beans will be cut; and
  - (ii) in respect of a sample drawn from a Bulk Delivery Unit, a minimum of 500 Cocoa beans will be cut, or
- (b) a grading appeal, the number of Cocoa beans cut per sample will be as follows:
  - (i) in respect of a sample drawn from a Standard or Large Delivery Unit, a minimum of 450 Cocoa beans will be cut; and
  - (ii) in respect of a sample drawn from a Bulk Delivery Unit, a minimum of 750 Cocoa beans will be cut.

E 2.2.3.3 The number of Defective and Slaty Cocoa beans shall be recorded on NYSE Liffe Guardian.

E 2.2.4 Smoky/Hammy/Unsound Cocoa

E 2.2.4.1 Cocoa which is considered by the Grading or Appeal Panel:

- (a) to have a smoky, hammy or other taint or smell;
- (b) to contain a substance not inherent to Cocoa; or
- (c) to be unsound,



will be graded as not tenderable and the grading sheet noted on NYSE Liffe Guardian accordingly. Any such beans that have been cut shall not be returned to the sample bag with the rest of the contents.

E 2.2.5      Cocoa graded as not tenderable

E 2.2.5.1      If, during the course of grading, a sample is found not to conform to the contract requirements in any category, such sample shall be graded as not tenderable and grading of the sample shall cease.

E 2.2.5.2      Delivery Unit which has been graded as not tenderable will be noted as such on NYSE Liffe Guardian, and the NYSE Liffe Guardian record shall specify under which category the sample has failed. In respect of gradings conducted pursuant to the Cocoa contract terms and these Procedures, it shall be noted on NYSE Liffe Guardian at which stage of the grading process for that particular category the Delivery Unit became not tenderable.

**E 3. Robusta Coffee**

**E 3.1 General**

E 3.1.1 In accordance with Contract term 4 the following grading procedures shall apply, such that they do not conflict with Procedure E 1.11.

**E 3.2 Grading Procedure**

**E 3.2.1 Samples representing parcels, single lots or grouped lots**

The Grading Panel shall satisfy themselves that the samples presented are identified as either:

- (a) each representing a single parcel or lot and are not presented as being connected to any other parcels or lots; or
- (b) are presented as being grouped lots.

Those samples submitted as not representing grouped lots shall follow the Procedure E 3.2.2 and 3.2.4 to 3.2.8. Those samples submitted representing grouped lots shall follow Procedure E 3.2.3 and 3.2.4 to 3.2.8.

**E 3.2.2 Sample preparation for a single lot**

E 3.2.2.1 A member of the Grading Panel shall check that the sample complies with Procedure E 1.11.

E 3.2.2.2 If so, a member of the Grading Panel shall then break the sample-seal(s) and empty the entire contents of the grading sample into a tray and thoroughly mix the grading sample by hand.

E 3.2.2.3 A laboratory sample shall then be prepared by use of a flat-bottomed scoop to remove a quantity of beans weighing not less than 300g from the grading sample which shall be placed in a clean and odourless container. The net weight of the laboratory sample shall be recorded on NYSE Liffe Guardian.

**E 3.2.3 Sample preparation for grouped lots**

E 3.2.3.1 A member of the Grading Panel shall check that all the samples presented for grading as grouped lots comply with Procedure E 1.11.

E 3.2.3.2 If so, a member of the Grading Panel shall then break the sample-seals and empty the entire contents of each grading sample into separate trays and thoroughly mix each one separately by hand.

E 3.2.3.3 The Grading Panel will then visually examine the general appearance of each grading sample and be satisfied that all are homogenous in overall uniformity with

each other. If the Grading Panel does not agree that the samples are homogenous then the samples shall be graded as individual lots and shall follow Procedure E 3.2.2.3.

E 3.2.3.4 If agreed that each sample is visually homogenous with the others, a member of the Grading Panel shall mix the grading samples together and quarter the resulting mixed grading samples such that the resulting quartered material is approximately 1.5 kg.

E 3.2.3.5 A laboratory sample shall then be prepared by use of a flat-bottomed scoop to remove a quantity of beans weighing not less than 300g from the 1.5 kg grading sample described in 3.2.3.4 above which shall be placed in a clean and odourless container. The net weight of the laboratory sample shall then be recorded on NYSE Liffe Guardian.

#### **E 3.2.4 Olfactory test**

E 3.2.4.1 A member of the Grading Panel shall bring his nose close to the whole of a laboratory sample and sniff sharply. If any abnormal odour is detected then this is to be corroborated by the other members of the Grading Panel.

E 3.2.4.2 In doubtful cases, if there is a suspicion of an abnormal odour, a clean, odourless container shall be half-filled with coffee from the laboratory sample, closed hermetically, and kept for a minimum of one hour at room temperature. The container shall be opened and the evaluation of the odour repeated.

E 3.2.4.3 The result shall be recorded if the sample is graded not being free of foreign odour and the single lot or grouped lots shall be non-tenderable.

#### **E 3.2.5 Visual examination**

E 3.2.5.1 A laboratory sample shall be spread over a plain black surface under diffuse daylight or artificial light reproducing daylight as closely as possible and the sample inspected to confirm that the botanical origin of the beans in the sample conform with the contract specification, failing which the single lot or grouped lots shall be non-tenderable.

#### **E 3.2.6 Screen Test**

E 3.2.6.1 A laboratory sample shall be weighed, the weight recorded, and the sample material poured into the nest of sieves sized 15, 14, 13 and 12, the lid placed on top and the receiver placed under the sieve with the smallest aperture.

E 3.2.6.2 The sieves shall be agitated with a slight corner-to-corner tilting action and with slight vertical shaking until no further beans move from one screen to the next, or a process which gives equivalent results. At the end of this operation, a sharp knock should be given to the nest of sieves in order that beans only loosely held in apertures will fall through. The oversize collected on each of the sieves used shall

be weighed to the nearest 1g, and, if applicable, the undersize collected in the receiver. Beans remaining in apertures shall be considered to be retained on the sieve in question. The weights for each screen shall be recorded.

**E 3.2.7 Determination of Foreign Matter and Defects**

- E 3.2.7.1 A laboratory sample shall be weighed and the weight recorded. The laboratory sample shall be examined for foreign matter and Defects pursuant to Contract terms 4.04 and 4.05. Any such material so identified shall be separated and the aggregate in both categories shall each be weighed to the nearest 1g and the results compared to the weight of the laboratory sample.

**E 3.3 Standards**

- E 3.3.1 Lots which are graded shall be deemed as tenderable subject to meeting the requirements as set out in Contract term 4.03(b).
- E 3.3.2 Grading results from samples that have been derived from grouped lots shall apply to each individual lot making up the grouped lots.

## **Section F**

### **Warrant Management Service**

#### **F 1. Introduction**

- F 1.1 The Warrant Management Service is offered by NYSE Liffe through the NYSE Liffe Guardian system. The Warrant Management Service caters for Cocoa and Robusta Coffee Warrants. It allows for transfer of ownership from seller to buyer via the Exchange (and through the Tripartite Clearing Membership Agreement, the CSP) in a tender cycle or between seller and buyer in the event of a physical sale/purchase provided that Warrants have been issued and lodged with a Depository and recorded on NYSE Liffe Guardian by a Depository as having been immobilised.
- F 1.2 Only Warehousekeepers may issue Warrants. A Warehousekeeper must issue and print a Warrant prior to the initial grading of the Goods to which that Warrant relates.
- F.1.3 Where there are differences in respect of the details as to weight, and/or Rent, and/or NYSE Liffe Warehouse Reference between the Warrant and the details recorded on NYSE Liffe Guardian, the details on NYSE Liffe Guardian will be correct
- F 1.4 Warrants in respect of Goods which are to be delivered under an Exchange Contract must be immobilised.
- F 1.5 A Warehousekeeper shall maintain on NYSE Liffe Guardian an accurate copy of the Terms and Conditions to which Warrants issued by him are subject.
- F 1.6 A Nominated Member shall maintain details of the Owner on NYSE Liffe Guardian.
- F 1.7 The Warrant Management Service is only available to:
- (a) Clearing Members;
  - (b) Warehousekeepers;
  - (c) CSPs;
  - (d) NYSE Liffe Clearing; and
  - (e) Depositories.

## **F 2. Legal Rules**

- F 2.1 These rules as described in this section F2 (the “rules”) set out the rights and obligations of Owners, Nominated Members and Warehousekeepers in respect of Warrants which have been immobilised in accordance with F3.4.
- F 2.2 These rules create rights and obligations legally enforceable by any Participant against any other Participant.

### **F 2.3 Definitions**

- F 2.3.1 In these rules:

“Participant” means a Nominated Member and a Warehousekeeper.

“Specified Third Party” means, in relation to a Nominated Member, an associate, and any person who is or was a Client of the Nominated Member.

“Client” of a Nominated Member means, in the context of these rules, an Owner or former Owner for whose Warrants the Nominated Member has at any time accepted nomination.

### **F 2.4 Status of Owners**

- F 2.4.1 In respect of a Warrant that has been immobilised, a person whose name is recorded on NYSE Liffe Guardian as the "Owner" in relation to the Goods is the person entitled, as against each Participant, to possession of a Warrant in respect of those Goods.
- F 2.4.2 If a Nominated Member becomes subject to an event of default under section 9.3.1 of the Exchange's Rules, the CSP may direct another Clearing Member to act as Nominated Member in respect of some or all of the Warrants which have been immobilised for which the relevant Nominated Member has been nominated on NYSE Liffe Guardian.

### **F 2.5 Immobilisation of Warrants**

- F 2.5.1 Effect of immobilisation of Warrants

- F 2.5.1.1 The Depository holds a Warrant that has been immobilised as bailee to the order of the Nominated Member against whose name the Warrant is recorded on NYSE Liffe Guardian. The Depository is obliged to deliver up the Warrant to the Nominated Member or to its order. The Nominated Member holds its rights in respect of a Warrant that has been immobilised as bailee for the relevant Owner, and shall act promptly on any instructions of the Owner (including in particular instructions to obtain delivery of the Warrant from the Depository).

- F 2.5.1.2 No Participant may assert any right or interest, or take any action, against any other person (including in particular any Owner) which is inconsistent with F 2.5.1.1 above except insofar as that Participant has a better entitlement to possession to the relevant Goods, and that right is consistent with the content and intention of these rules.
- F 2.5.1.3 Each Nominated Member shall procure that no Specified Third Party will assert any right or interest, or take any action, against any other person which is inconsistent with these rules and shall include a provision to this effect in its terms of business with clients who are or may become Clients.
- F 2.5.1.4 Whenever a Warrant is immobilised, the Nominated Member (as agent for the relevant Owner) at the time of immobilisation guarantees to each Participant that it has not created or permitted to subsist in relation to the Warrant any charge, encumbrance or other right which would impair the full enjoyment of that Warrant, and that none of the Nominated Member, the relevant Owner, or any person claiming through or under them will disturb the quiet possession of the Warrant by any subsequent Owner.
- F 2.5.1.5 The Exchange may require the Depository to effect such endorsements to Warrants in the Depository's possession as are appropriate in order to enable the effective transfer of ownership to the Owner recorded for the time being on NYSE Liffe Guardian. Each Nominated Member shall include a provision in its terms of business with clients who are or may become Clients authorising the Exchange and the Depository to take such action as is mentioned in this rule on their behalf.
- F 2.6 Transfers**
- F 2.6.1 A change of Owner on NYSE Liffe Guardian amounts to a transfer of entitlement to possession of the relevant Goods. Where the Owner is changed in respect of a Warrant that has been immobilised, the registration of the name of the new Owner on NYSE Liffe Guardian constitutes and shall have the same effect as:
- (a) in respect of the relevant Goods, an assignment to the new Owner of all rights (including in particular a claim to delivery up of the relevant Commodity Unit) against the Warehousekeeper, and an attornment in favour of the new Owner by the Warehousekeeper; and
  - (b) in respect of a Warrant that has been immobilised, an attornment in respect of the Warrant itself in favour of the new Owner by the Nominated Member.
- F 2.6.2 Where the Nominated Member is changed in respect of a Warrant that has been immobilised, the acceptance of nomination by the new Nominated Member constitutes an instruction by the previous Nominated Member and the new Nominated Member to the Depository to hold the Warrant to the order of the new Nominated Member. The Depository agrees that the registration of a Warrant that has been immobilised under the name of the new Nominated Member constitutes

and shall have the same effect as an attornment by the Depository in favour of that Nominated Member.

- F 2.6.3 In respect of each Warrant that has been immobilised, the Nominated Member (acting for itself and as agent for the Owner) authorises the Exchange to transfer the right to have the Warrant delivered by means of changes to records on NYSE Liffe Guardian.
- F 2.6.4 In the event of a default during the settlement of an Exchange Contract, the Exchange may take any step to ensure that the NYSE Liffe Guardian record reflects that the Owner in respect of a Warrant is the CSP, where delivery ought to have been made to the CSP and no onward delivery ought to be made to another person.

## **F 2.7 General legal rights**

- F 2.7.1 Each Participant agrees to indemnify and hold harmless each other Participant in respect of any costs, claims, or loss occasioned by breach of these rules by the first Participant. The liability of a Participant under this rule shall be limited to the value, at the time of the breach, of the relevant Goods.
- F 2.7.2 Nothing in these rules affects the covenants for title incorporated expressly or by operation of law into a contract for the sale of goods.
- F 2.7.3 Pursuant to the Contracts (Rights of Third Parties) Act 1999, these rules confer rights enforceable by a Specified Owner against its relevant Nominated Member. These rules may, however, be amended in any way without the consent of any Owner. No other person who is not a Participant or the Exchange has rights under the Contracts (Rights of Third Parties) Act 1999 under these rules. This rule prevails over rule 2.7.3 of the Exchange Rules.
- F 2.7.4 These rules shall prevail in the event of inconsistency between these rules and any terms and conditions: (a) applicable between a Nominated Member and its Client; or (b) applicable between a Warehousekeeper and any Owner, Nominated Member or customer of the Warehousekeeper by virtue of custom and usage, operation of law, or inclusion in or on a Warrant.
- F 2.7.5 Neither the Exchange nor any Participant gives any undertaking, covenant or warranty to any person as to the effect of these rules as regards title to any Warrant or Goods. The use of the word “Owner” does not constitute a guarantee by the Exchange that any Warrant or Goods exists or that the person recorded as such on NYSE Liffe Guardian has any property interest in any Warrant or Goods.
- F 2.7.6 Without prejudice to any limitation of liability applicable by virtue of the Exchange's Rules, Procedures or any other agreement between the Exchange and any Participant, none of the Exchange, the CSP, their directors or agents shall be liable to any Participant or other person for any loss, damages, costs, expenses or other liability of whatever nature (each a “Loss”) relating to the operation of these



rules or the performance or non-performance of any person under these rules, including where such Loss arises from negligence. The Exchange has no obligation to any person to ensure the accuracy or availability of any information recorded on NYSE Liffe Guardian; or to safeguard rights of any person entitled to a Warrant which has been immobilised or claiming as Owner; or as to the legal consequences of these rules in any jurisdiction. However, nothing in these rules excludes liability for fraud or for personal injury or death caused by negligence.

### **F 3. Issuing a Warrant and Initial Nomination of a Clearing Member**

#### **F 3.1 Issuing a Warrant**

F 3.1.1 A Warrant may only be issued by a Warehousekeeper on the instructions of the Owner. The Warrant shall be printed on secure paper supplied by the Exchange in the form set out in Schedule 2. The following information shall be stated on the Warrant;

- (a) Warehousekeeper's name, address and logo;
- (b) Statement "Warehouse Warrant for Goods in Bond";
- (c) Warrant number;
- (d) Statement "Bearer is entitled to receive:";
- (e) Commodity;
- (f) Origin of Goods;
- (g) Name of vessel;
- (h) Name of Warehouse in which the Goods are stored;
- (i) NYSE Liffe Warehouse reference;
- (j) Port or Delivery Area;
- (k) Marks, if any;
- (m) Number of full bags, the contents of which are sound, and their gross weight. Bulk Delivery Units to show weight only;
- (n) Number of slack bags, the contents of which are sound, and their gross weight;
- (o) Tare of bags, and/or total tare;
- (p) Total net weight;

- (q) Final date of landing, date of storage and date of last weighing;
- (r) Statement “This Warrant is subject to the Terms and Conditions specified overleaf”;
- (s) Date and place of issue;
- (t) Warehousekeeper’s signature;
- (u) Warehousekeeper’s Terms and Conditions printed on the reverse of the Warrant;
- (v) Bar code;
- (w) Depository number; and
- (x) Rent expiry date.

F 3.1.2 In relation to the printing of Warrants there are minimum print quality standards as detailed below:

- (a) produced using a minimum of 300 DPI printing technology;
- (b) the barcode symbol area must:
  - (i) be free from spots (black blobs in the white areas) and voids (white spaces in the black bars); and
  - (ii) exhibit a high symbol contrast (black bars to be clearly distinguishable from the white spaces); and
  - (iii) contain bars that are not fuzzy, wavy, smudged or blurred at the edges; and
  - (iv) be free from over laminates or gloss finishes.

### **F 3.2 Initial Nomination of a Clearing Member**

F 3.2.1 A Warehousekeeper may create Commodity Units, take samples and give sampling notification through the NYSE Liffe Guardian system without the need to nominate a Clearing Member. A Clearing Member must be nominated by the Warehousekeeper on behalf of the Owner before a Warrant may be immobilised, or an application for grading made within NYSE Liffe Guardian.

F.3.2.2 Where there is no Nominated Member, an Owner may at any time instruct the Warehousekeeper to request the appointment of a Clearing Member as a Nominated Member. If an Owner does so, it shall provide the Warehousekeeper

with the name and the NYSE Liffe mnemonic of the Clearing Member. The Warehousekeeper shall post a request, which includes the Owner's name, on NYSE Liffe Guardian for the Nominated Member to confirm that it accepts the nomination.

F 3.2.3 A Warrant may only be tendered under a Contract if it has been immobilised.

### **F 3.3 Re-Print of a Missing Warrant**

F 3.3.1 In the event of a Warehousekeeper being advised that a Warrant has been defaced, lost or destroyed, then all the requirements contained in the Terms and Conditions of the Warrant recorded on NYSE Liffe Guardian shall be fulfilled before a new Warrant may be issued by the Warehousekeeper. The Warehousekeeper shall ensure that it is recorded on NYSE Liffe Guardian that the original Warrant has been cancelled and is invalid and that the new Warrant has been issued in respect of the relevant Goods.

### **F 3.4 Immobilising a Warrant**

F 3.4.1 When Goods are graded as tenderable, the Owner should make arrangements for the relevant Warrants to be lodged with the Depository at the earliest opportunity. A Warrant may only be immobilised on the instructions of a Nominated Member on behalf of the Owner. The Nominated Member shall request immobilisation by a Depository of the Warrant in NYSE Liffe Guardian. The Warrant must then be lodged with a Depository by the Nominated Member. Upon acceptance of the Warrant, the Depository shall record the Warrant as immobilised on NYSE Liffe Guardian. It is only at the point of registration of the Warrant being immobilised by the Depository that the Warrant will be in a form which is capable of being tendered.

F 3.4.2 Procedures for the immobilisation of Warrants

F 3.4.2.1 The lodgement or withdrawal of a Warrant at the Depository shall be by appointment only. The Nominated Member must give a minimum of one business day's notice by contacting the Depository using the contact details provided by the Exchange by Notice from time to time.

F 3.4.2.2 The Exchange will publish the address of the Depository, the opening hours of the Depository and the relevant contact details on the NYSE Euronext website ([www.nyx.com/liffe](http://www.nyx.com/liffe)).

F 3.4.2.3 Appointments will be granted at the discretion of the Depository. Only in exceptional circumstances will appointments be accepted with less than one business days notice and these will be dealt with on a best efforts basis.

F 3.4.2.4 When making an appointment, the Nominated Member must provide the Depository with the following information:

- (a) the time and date on which the Nominated Member wishes to make the lodgement or withdrawal;
- (b) the name of the person or company details of the courier company who will attend the Depository;
- (c) in the case of a lodgement, subject to F 3.4.2.12 and F 3.4.2.13, the number of Warrants to be lodged and the number of Lodgement Requests covering these Warrants; and
- (d) in the case of a withdrawal, subject to F 3.4.2.20, the number of Warrants to be withdrawn and the number of Withdrawal Requests covering these Warrants.

F 3.4.2.5 The Nominated Member should not initiate the lodgement or withdrawal process on NYSE Liffe Guardian until an appointment has been confirmed by the Depository.

F 3.4.2.6 Persons attending the Depository should be in possession of identification sufficient enough to satisfy the security requirements of the Depository. Details of these requirements will be issued by the Depository from time to time and will be published on the NYSE Euronext website ([www.nyx.com/liffe](http://www.nyx.com/liffe)).

F 3.4.2.7 In the event that the Nominated Member cannot attend the Depository at the appointed time the Depository should be informed immediately and a revised appointment made.

F 3.4.2.8 Subject to F 3.4.2.22, in the event that the Nominated Member wishes to cancel an appointment the Depository should be informed immediately. The Nominated Member must cancel the relevant Lodgement or Withdrawal Request on NYSE Liffe Guardian.

*Lodgement of Warrants at the Depository*

F 3.4.2.9 In order for a Warrant to be lodged with the Depository it must be:

- (a) issued by a Warehousekeeper for Goods;
- (b) issued as a Warrant by the Warehousekeeper and recorded on NYSE Liffe Guardian; and
- (c) printed on secure paper with a clearly printed bar code and depository number.

F 3.4.2.10 A Warrant will not be accepted for lodgement at the Depository unless it is accompanied by the relevant Lodgement Request Form.

- F 3.4.2.11 The Lodgement Request Form must be clearly printed and contain a readable bar code.
- F 3.4.2.12 A single Lodgement Request Form may include up to a maximum of 200 Warrants. A single Lodgement Request Form in respect of multiple Warrants may only be provided for Warrants issued in respect of the same commodity stored by the same Warehousekeeper in the same Port or Delivery Area.
- F 3.4.2.13 At the discretion of the Depository a depository appointment may be for the presentation of more than one Lodgement Request Form.
- F 3.4.2.14 Warrants presented at the Depository for lodgement should be presented with the relevant Lodgement Request Form and should be in numerical order by depository number and ordered so that the bar code of each Warrant is positioned directly above the one below. Subject to F 3.4.2.13 where there is more than one Lodgement Request Form the Warrants for each request should be separated.
- F 3.4.2.15 Where there is any discrepancy between the Lodgement Request Form and the Warrants accompanying it or the Warrants are not presented in accordance with these Procedures, the Depository may refuse to accept all of the Warrants covered by that request.
- F 3.4.2.16 On completion of the lodgement process the Depository will issue a Lodgement Statement to the person attending the Depository.

*Withdrawal of Warrants from the Depository*

- F 3.4.2.17 A Warrant may not be withdrawn from the Depository unless the Depository is presented with a Withdrawal Request Form produced by NYSE Liffe Guardian.
- F 3.4.2.18 The Withdrawal Request Form must be clearly printed and contain a readable bar code.
- F 3.4.2.19 A single Withdrawal Request Form may include up to a maximum of 200 Warrants. The Warrants included in the Withdrawal Request Form may be issued in respect of different commodities stored with different Warehousekeepers in different Ports or Delivery Areas.
- F 3.4.2.20 At the discretion of the Depository a depository appointment may be for the presentation of more than one Withdrawal Request Form.
- F 3.4.2.21 On completion of the withdrawal process the Depository will issue a Withdrawal Statement to the person attending the Depository.
- F 3.4.2.22 A Withdrawal Request Form cannot be cancelled by the Nominated Member if the Depository has initiated the withdrawal process. This will be evident where the status “Packing” for the Withdrawal Request Form is recorded on NYSE Liffe Guardian.

**F 4. Change of Ownership**

- F 4.1 Warrants which are registered as immobilised on NYSE Liffe Guardian are required to identify the Owner.
- F 4.2 The Nominated Member is required to amend the name of the Owner when title to the Warrant changes, either through the tender process via the CSP or by a physical sale/purchase. The registered Owner of the Warrant must be accurately recorded on NYSE Liffe Guardian as soon as possible but in any event no later than 20:00 hours London time each business day.
- F 4.3 Other than as the result of a delivery through an Exchange contract, a change of Owner recorded on NYSE Liffe Guardian may only occur by written instructions from the Owner to the Nominated Member. Such written instructions must be retained by the Nominated Member acting on behalf of the Owner for inspection by the Exchange.

**F 5. Change of Nominated Member**

- F 5.1 At the request of the Owner, the Nominated Member may be changed on NYSE Liffe Guardian. The Owner shall supply the current Nominated Member with the name of the proposed Nominated Member. The current Nominated Member shall post a request on NYSE Liffe Guardian for the proposed Nominated Member to confirm that they accept the nomination. Once accepted, the Warrant shall be recorded under the name of the proposed Nominated Member.

**F 6. Change of Warrant Form**

- F 6.1 At the request of the Owner, the Nominated Member may:
- F 6.1.1 Immobilise a Warrant
- F 6.1.1.1 The provisions of Section F 3.4 shall apply.
- F 6.1.2 Withdraw a Warrant from the Depository
- F 6.1.2.1 The provisions of Section F 3.4 shall apply.
- F 6.1.2.2 At the request of an Owner, the Nominated Member may withdraw a Warrant from the Depository. The Depository shall register the Warrant as having been withdrawn from the Depository on NYSE Liffe Guardian when the Warrant has been delivered to the Nominated Member by the Depository.
- F 6.1.2.3 A Warrant which has been withdrawn from the Depository shall not be tenderable under a Contract.

F 6.1.2.4 Where any details which are contained in the Warrant are different to that recorded on NYSE Liffe Guardian, the Warehousekeeper shall either update or replace the Warrant.

**F 7. Take-ups**

F 7.1 An Owner wishing to take-up Goods which are the subject of a Warrant which has been recorded as immobilised on NYSE Liffe Guardian must ask the Nominated Member to request the withdrawal of the Warrant from the Depository and to hold it to the order of the Owner.

## **SCHEDULE 1**

In respect of Procedure D 2.1.1 (c), Cocoa comprising a Large Delivery Unit which was in store prior to 1 August 2006 may be stored in non adjoining piles in the same Warehouse. Procedure D 2.1.1 (e) of these Procedures shall apply to all non adjoining piles.



**SCHEDULE 2**  
**Warrant form**

LIFFE

WAREHOUSE

SERVICES

Warehouse Warrant for Goods In Bond

**Warrant Number: ABC/123/002**

Bearer is entitled to receive:

Commodity: Robusta 409      Origin: India

Ex Vessel: MV Smolenski      Location: Amsterdam

Warehousekeeper: LW

Warehouse: AMSTERDAM - NWE. HEMWEG 10      Liffe Ref: AMS020

Marks:

165 Bags Sound & Full      10.175 MT gross

0 Bags Sound & Slack      0.000 MT gross

**165 Bags      10.175 MT gross**

Tare per 10 bags: 10.0 kg      Total Tare      0.165 MT gross

**10.010 MT nett**

Final Date of Landing: 23 Oct 2009      Date of Storage: 23 Oct 2009      Date Last Weighed: 26 Oct 2009

This warrant is subject to the Terms and Conditions overleaf

Date and Place of issue: 27 Oct 2009      Amsterdam

**For Illustrative Purposes Only**

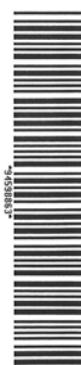
Rent written up until:					
30 Nov 2009					

Samples Drawn	Date	Kgs	Signature

Goods Delivered	Date	Bags	Tonnes	Signature

Warr. No: ABC/123/002

Depository No: 9459-8863



EXCHANGE CONTRACT NO. 409

ROBUSTA COFFEE FUTURES CONTRACT

CONTRACT TERMS - Issue Date: 26 March 2010<sup>1</sup>

ADMINISTRATIVE PROCEDURES - Issue Date: 26 March 2010

Delivery Months: May 2010 onwards

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<sup>1</sup> Please refer to London Notice No. 3269, issued on 26 March 2010

## **CONTENTS**

### **Contract Terms**

1. Interpretation
2. Contract Specification
3. Delivery
4. Origin and Quality
5. Packing and Weights
6. Price
7. Import Duty, Levy or Tariffs
8. Last Trading Day
9. Exchange Delivery Settlement Price (“EDSP”)
10. Invoicing Amount
11. Settlement Payments
12. Seller’s Delivery Notice and Notifications to the Seller
13. Allocations and Notifications to the Buyer
14. Delivery
15. Property and Risk
16. Default in Performance
17. Force Majeure
18. New Legislation
19. Articles, Rules and Regulations
20. Arbitration
21. Law and Jurisdiction
22. Non-Registered Contracts
23. Statement in relation to the Tender Process

### **Administrative Procedures**

1. Settlement Procedures
2. Tender Day
3. Last Trading Day
4. Settlement Day
5. Early Take Up
6. Acceptance of a Lot

ROBUSTA COFFEE FUTURES CONTRACT  
THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS  
EXCHANGE

Terms of Exchange Contract No. 409

1. Interpretation

1.01 Save as otherwise specified herein, words and phrases defined in the Rules and the Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts shall have the same meanings in these terms and in the Administrative Procedures.

1.02 In these terms and in the Administrative Procedures:

“Acceptance Date” means, in respect of each lot, the business day falling seven business days immediately after the Settlement Day.

“Administrative Procedures” means the procedures from time to time implemented by the Board pursuant to the Rules for the purposes of this Exchange Contract.

“Allowance” means a premium or discount, expressed in US Dollars per Tonne, used in calculating the invoicing amount pursuant to term 10.01.

“Age Allowance” means a discount, expressed in US Dollars per Tonne, calculated in accordance with term 3.05.

“bean fragment” means a fragment of a coffee bean of volume less than half a bean.

“black bean” means a coffee bean of which more than one-half of the external surface and interior is black (endosperm).

“bulk” means Robusta Coffee that has been shipped from Origin in packaging other than original bags conforming with Contract terms 5.01(a) and 5.02(a).

“business day” means a day on which the market, the CSP and banks in London are open for business.

“Buyer” in respect of a Contract means the person who is obliged under such Contract to accept delivery in respect of each lot of Robusta Coffee and to pay the invoicing amount in respect of each such lot (including, except where the context otherwise requires, the CSP as a buyer under a registered Contract).

“cherry” means the fruit of the coffee plant.

“Class” means the class of a lot as determined by Graders pursuant to term 4.03.

“Class Allowance” means a premium or discount, expressed in US Dollars per tonne, calculated in accordance with term 4.03.

“coffee bean” means the dried seed of the coffee plant.

“Contract” means a contract made expressly or impliedly in the terms of this Exchange Contract for the sale and purchase of one or more lots and “registered Contract” means a Contract registered by the Exchange.

“Contract price” means the price agreed between a Buyer and a Seller in respect of a Contract.

“CPS” means the Clearing Processing System, or any successor thereto, which handles real-time position-keeping facilities; functions for the entry of position transfer, settlement, delivery and option exercise instructions; and the processing related to any position changes.

“CSP” means a clearing services provider appointed pursuant to LIFFE Rule 1.1.3 (or any successor rule thereto) from time to time to provide certain clearing services to the Exchange.

“CSP Procedures” means the Procedures of the CSP from time to time in force.

“default in performance” has the meaning attributed to it in term 16.02.

“Defects” means any defect determined to be a defect by the Graders pursuant to term 4.04.

“delivery area” means each geographic area referred to in term 3.03, as varied by the Board from time to time, within which a Warehouse must be located.

“delivery month” means each month specified as such by the Board pursuant to the Rules.

“Depository” means any person appointed by the Exchange to receive, hold and administer Warrants in immobilised form; details of such persons shall be notified by Notice from time to time.

“EDSP” means the Exchange Delivery Settlement Price and has the meaning attributed to it in term 9.

“FIBC” means a Flexible Intermediate Bulk Container of a type described in term 5.01(b)(ii).

“foreign matter” means any substance or matter, other than a whole Coffee bean or Residue, which in the opinion of the Graders is, upon grading, identified as foreign matter pursuant to term 4.05.

“Grader” means a LIFFE Registered Robusta Coffee Grader.

“Grading and Warehousekeeping Procedures” means the procedures from time to time implemented by the Board pursuant to the Rules in respect of:

- (a) sampling and storage of Robusta Coffee by Warehousekeepers;
- (b) grading of Robusta Coffee by the Graders; and
- (c) the Warrant management service for Robusta Coffee,

which may be contained in one or more documents.

“Grading Result” means the result given to a parcel or lot which has been graded by the Graders and containing such information as the Board may prescribe from time to time.

“Gross Weight” means the actual weight of Robusta Coffee including the bag(s) within which the Robusta Coffee is contained.

“invoicing amount” has the meaning attributed to it in term 10.

“Last Trading Day” in respect of a delivery month means (subject to term 8) the last business day of the relevant delivery month.

“LIFFE Registered Robusta Coffee Graders” means a panel of Robusta Coffee graders registered with the Exchange in accordance with the Grading and Warehousekeeping Procedures who, upon the application of a Nominated Member, examine and grade a sample of the parcel or lot which is the subject of the application and issue a Grading Result in respect of such parcel or lot pursuant to the Grading and Warehousekeeping Procedures.

“lot” has the meaning attributed to it in term 2.02.

“mouldy bean” means a coffee bean showing mould growth over half or more of the bean visible to the naked eye.

“Net Weight” in respect of a lot means the net weight of such lot calculated in accordance with term 5.04 and expressed in Tonnes.

“Nominated Member” means a Clearing Member who, on behalf of an Owner, has been nominated by a Warehousekeeper or another Nominated Member in respect of the registration on NYSE Liffe Guardian of a Warrant that is to be, or has been, immobilised.

“NYSE Liffe Guardian” means the electronic system relating to grading, tender, delivery and warrant management services, or any successor thereto, which, amongst other things, lists parcels and lots stored in a Warehouse for delivery under a Contract.

“Origin” means the country in which the Robusta Coffee was produced.

“parcel” means all or any portion of a shipment of Robusta Coffee of one Origin, one Class, ex one vessel, shipped on one Bill of Lading to the same destination and which is stored in one Warehouse.

“Regulations” means the General Regulations, Default Rules and Procedures of the CSP from time to time in force.

“Rent” means a periodic fee which a Warehousekeeper shall be entitled to charge in respect of the storage of a parcel or lot in its Warehouse.

“Rent Allowance” is an allowance which is calculated in accordance with term 6.02.

“Robusta Coffee” means coffee of the botanical species *Coffea canephora* Pierre ex A. Froehner, with some varieties and cultivars of these species.

“Screen 12 round” means a laboratory test sieve with 12/64ths of an inch round apertures.

“Screen 13 round” means a laboratory test sieve with 13/64ths of an inch round apertures.

“Screen 14 round” means a laboratory test sieve with 14/64ths of an inch round apertures.

“Screen 15 round” means a laboratory test sieve with 15/64ths of an inch round apertures.

“Seller” in respect of a Contract means the person who is obliged under such Contract to deliver Robusta Coffee in respect of each lot (including, except where the context otherwise requires, the CSP as seller under a registered Contract).

“Seller’s Delivery Notice” means the notice to be given by the Seller to the Exchange under terms 12.01 and 12.02.

“shipment period” means the crop year for the country of origin of Robusta Coffee as defined by the International Coffee Organisation.

“Settlement Day” means the day (or the next business day if such a day is not a business day) which is 14 days after the Tender Day (subject to term 6.02(c)).

“Supervision Company” is a company whose business is the supervision and/or inspection of goods and which is appointed by the Exchange for the purposes of performing inspections on behalf of the Exchange.

“tender” means the delivery by a Seller in accordance with these terms of a Seller’s Delivery Notice.

“Tender Day” means in respect of any lot, the business day on which a Seller’s Delivery Notice is given by the Seller and accepted by the Exchange.

“Tonne” means a metric tonne of 1,000 kilogrammes.

“US Dollars”, “\$” and “cents” denote, at the date of issue of these terms, the lawful currency of the United States of America.

“Valid Grading Result” has the meaning attributed to it in term 3.05.

“Warehouse” means a warehouse in respect of which a Warehousekeeper has been nominated by the Exchange in its absolute discretion to store Goods and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice. A Warehouse shall, for the purposes of nomination under the Grading and Warehousekeeping Procedures, be a single structure designed or modified for the purpose of storing Goods, or groups of such structures connected by internal doors allowing for the passage of the relevant Goods. Where there are no such interconnecting doors between such structures these shall be nominated as separate Warehouses.

“Warehousekeeper” means either a Single or Dual Capacity Warehousekeeper which has been nominated by the Exchange in its absolute discretion to store in its Warehouse Goods piled as either parcels, lots, Standard and Large Delivery Units or Standard, Large or Bulk Delivery Units, as the case may be, and to record such details that are represented by the Warrant on NYSE Liffe Guardian and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice.

“Warrant” means a warrant for the delivery of a parcel or lot stored in a Warehouse which authorises the possessor of such document to transfer or receive the parcel or lot referred to therein<sup>2</sup>.

“Weight Allowance” means a discount, expressed in US\$ per Tonne, calculated in accordance with term 5.06.

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<sup>2</sup> the Warrant must not have expired under the relevant terms under which the Warrant was issued.



- 1.03 References to a “term” refer to terms hereof, and references to a “Rule” refer to a rule of the Exchange’s Rules. Save where the context otherwise requires references herein to the singular include the plural, and vice versa.
- 1.04 In these terms and in the Administrative Procedures, references to the Exchange in the context of delivery rights and obligations shall be read as reference to the CSP where the context so dictates, including, without limitation, where there is reference to situations where the CSP becomes counterparty to delivery rights and obligations pursuant to Tripartite Clearing Membership Agreements and/or the Rules (be this due to a LIFFE Clearing Member being declared a defaulter; or following the expiry of an open contract on the market; or otherwise). For the avoidance of doubt these terms and the Administrative Procedures are not intended to vary the terms of any Tripartite Clearing Membership Agreement and, in the event of conflict between the terms of such documents/agreements the terms of the Tripartite Clearing Membership Agreement shall prevail over these terms and the Administrative Procedures.
- 1.05 All times referred to herein, are London times.
2. Contract Specification
- 2.01 Each Contract shall be for one or more lots for delivery in the delivery month specified.
- 2.02 A lot shall be an amount of Robusta Coffee which shall be of the same Origin and shipment period and stored in the same Warehouse under the control of the same Warehousekeeper in accordance with the Grading and Warehousekeeping Procedures. Each lot shall have a nominal Net Weight of ten Tonnes and shall be made up of Robusta Coffee from not more than two parcels.
3. Delivery
- 3.01 A Seller shall, in respect of each lot of a Contract, deliver the amount of Robusta Coffee which is required by these terms.
- 3.02 A Seller may only deliver a tender for a lot if, on or before the day and by the time specified for delivery of such tender in the Administrative Procedures, the lot:
- (a) has a Warrant that has been immobilised and its details recorded on NYSE Liffe Guardian (in respect of each parcel, where applicable);
  - (b) has a Valid Grading Result; and
  - (c) complies with these terms.
- 3.03 Robusta Coffee shall be delivered in bags in a Warehouse which is located in a geographic area (a “delivery area”), which is in London and the Home Counties,

or which is in or, in the Board's opinion, sufficiently close to, Amsterdam, Antwerp, Barcelona, Bremen, Felixstowe, Genoa-Savona, Hamburg, Le Havre, Marseilles-Fos, New Orleans, New York, Rotterdam or Trieste. The Board may from time to time delist a delivery area or list any other delivery area which shall have such effect with regard to existing or new Contracts or both as the Board may determine in its absolute discretion.

3.04 A Seller shall deliver a lot which conforms to terms 4 and 5 and which is stored in a Warehouse in a clearly identifiable pile of bagged Robusta Coffee, in accordance with the Grading and Warehousekeeping Procedures. The Seller of a lot shall be responsible for any port, landing and delivery charges in respect of that lot.

3.05 A Grading Result issued in respect of a lot shall be valid ("Valid Grading Result") if:

- (a) it states that the lot has been graded as "tenderable"; and
- (b) the invoicing amount for that lot, as defined in term 10, is reduced by an Age Allowance of:
  - (i) \$5 per Tonne per calendar month for the period of 13-48 calendar months following the date of grading; and
  - (ii) \$10 per Tonne per calendar month for the period of 49 calendar months and onwards following the date of grading.

The Age Allowance shall be calculated on the basis of the Net Weight and shall be in addition to any Allowance available under term 4, 5.06, 6.02 and 7.01.

3.06 Without prejudice to any exclusion of liability provision in the Rules, neither the Exchange nor the Board shall be liable for any loss or damage whatsoever, whether for negligence, breach of contract, misrepresentation or otherwise (other than for fraud or wilful default) in respect of:

- (a) the failure by the Exchange or any Graders to grade or to issue a Grading Result by a particular date; or
- (b) the performance or non-performance by any Grader of any function relating to grading; or
- (c) the performance or non-performance of a Warehousekeeper of his supervisory duties; or
- (d) the performance or non-performance by any Warehousekeeper of his obligations pursuant to these terms or the Grading and Warehousekeeping Procedures; or

- (e) the performance or non-performance of NYSE Liffe Guardian; or
- (f) the accuracy or availability of any information recorded on NYSE Liffe Guardian; or
- (g) the safeguarding of rights of any person entitled to a Warrant that has been immobilised or rights asserted by any person claiming to be entitled to be treated as Owner; or
- (h) the legal consequences or enforceability of the Grading and Warehousekeeping Procedures in any jurisdiction; or
- (i) the performance or non-performance by any Supervision Company of his obligations which are carried out on behalf of the Exchange; or
- (j) the performance or non-performance of the Depository of his duties as an immobilised Warrant depository, including, but not limited to receiving, holding and administering Warrants that have been immobilised.

#### 4. Origin and Quality

- 4.01 A Seller shall deliver a lot which is of an Origin and quality which complies with this term 4. The Origin and quality of Robusta Coffee shall be determined under terms 4.02, 4.04, 4.05 and 4.06 on the basis of examination in accordance with the procedures required by the Grading and Warehousekeeping Procedures. The quality of a lot shall be evidenced by the Valid Grading Result for such a lot.
- 4.02 A Seller may deliver a lot of Robusta Coffee from any country of Origin provided that it is freely available for export to any destination.
- 4.03 A Seller shall deliver under a Contract a lot of Robusta Coffee which shall be deliverable at the Contract price subject to any of the following applicable Class Allowances, which shall be calculated on the basis of the Net Weight:
  - (a) Premium Class: up to a maximum of 0.5% Defects by weight and up to a maximum of 0.2% foreign matter by weight and a minimum of 90% over Screen 15 round and a minimum of 96% over Screen 13 round per 300g; at an Allowance of \$30 premium per Tonne; or
  - (b) Class 1: up to a maximum of 3.0% Defects by weight and up to a maximum of 0.5% foreign matter by weight and a minimum of 90% over Screen 14 round and a minimum of 96% over Screen 12 round per 300g; at Contract price; or

- (c) Class 2: up to a maximum of 5.0% Defects by weight and up to a maximum of 1.0% foreign matter by weight and a minimum of 90% over Screen 13 round and a minimum of 96% over Screen 12 round per 300g; at an Allowance of \$30 discount per Tonne; or
  - (d) Class 3: up to a maximum of 7.5% Defects by weight and up to a maximum of 1.0% foreign matter by weight and a minimum of 90% over Screen 13 round and a minimum of 96% over Screen 12 round per 300g; at an Allowance of \$60 discount per Tonne; or
  - (e) Class 4: up to a maximum of 8.0% Defects by weight and up to a maximum of 1.0% foreign matter by weight and a minimum of 90% over Screen 12 round per 300g; at an Allowance of \$90 discount per Tonne.
- 4.04 Defects shall include but shall not be limited to black beans, bean fragments, cherries or mouldy beans.
- 4.05 Foreign matter shall mean any object which is not a coffee bean or part thereof or a cherry including but not limited to sticks, stones, soil and husks.
- 4.06 A Seller shall not deliver a lot, and a Valid Grading Result shall not be issued in respect of any lot, to which in the opinion of the Graders upon grading one or more of the following applies:
- (a) the lot is not Robusta Coffee;
  - (b) the lot is unsound for any reason other than having the Defects listed in term 4.04 above, as determined by the Graders; or
  - (c) the lot contains more than 8.0% Defects by weight per 300g; or
  - (d) the lot contains less than 90% Robusta Coffee beans over Screen 12 round; or
  - (e) the lot contains more than 1.0% by weight foreign matter per 300g; or
  - (f) the lot has a detectable foreign odour including, but not limited to, mould, fermentation or smoke.
- 4.07 In respect of a lot delivered under a Contract, the Origin as stated in the Bill of Lading shall be prima facie evidence of the relevant Origin of such Robusta Coffee.
- 4.08 Robusta Coffee which has formed part or all of a lot, which has previously been graded as not tenderable by Graders under the terms of this Contract, shall not form part or all of a lot and shall not be delivered by a Seller under a Contract.

4.09 Robusta Coffee which has formed part or all of a lot or parcel which has previously been graded as tenderable by Graders under the terms of this Contract, shall not form part or all of a lot to be submitted for re-grading.

5. Packing and Weights

5.01 Robusta Coffee to be delivered under a Contract;

- (a) if shipped from Origin in bags, shall be packed in sound bags which are in external good order, are woven from natural fibres, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time; and
- (b) if shipped from Origin in bulk, shall be packed in;
  - (i) sound bags which are in external good order, are woven from natural fibres, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use, and meet such other criteria as may be prescribed by the Board from time to time; or
  - (ii) sound FIBCs which are sealed, are in external good order, are constructed using woven material such that they prevent condensation occurring during storage, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time.

5.02 If the Robusta Coffee was shipped from Origin;

- (a) in bags; each bag of Robusta Coffee contained within a lot and delivered under a Contract shall have a Gross Weight of no more than 80 kilogrammes; or
- (b) in bulk;
  - (i) each bag of Robusta Coffee contained within a lot and delivered under a Contract shall have a Gross Weight of no more than 80 kilogrammes; or
  - (ii) each FIBC of Robusta Coffee contained within a lot and delivered under a Contract shall have a Gross Weight of no less than 900 kilogrammes and no more than 1,100 kilogrammes.

5.03 Subject to the Grading and Warehousekeeping Procedures, Robusta Coffee to be delivered under a Contract may be rebagged. Bags shall, at the time of any such rebagging, be previously unused, clean and suitable for food contact use, and

shall meet the criteria referred to in 5.01(b) and such other criteria prescribed by the Board from time to time.

5.04 Subject to term 5.06 and the Grading and Warehousekeeper Procedures each lot to be delivered by a Seller under a Contract shall be invoiced in accordance with term 10.01. In term 10.01, the “Net Weight” shall be calculated in accordance with this term 5.04 and shall equal:

- (a) Gross Weight as specified on the Warrant details recorded on NYSE Liffe Guardian;
- (b) less the weight of any samples drawn from such lot after it was last weighed; and
- (c) less the actual bag tare weight of the lot, to the nearest gramme, as specified on the Warrant details recorded on NYSE Liffe Guardian.

5.05 A Seller shall deliver under a Contract a lot which has a Net Weight within a tolerance of 3% above or below ten Tonnes. For the avoidance of doubt, the Buyer shall not reject a lot for not being delivered with a nominal Net Weight of ten Tonnes, provided it is delivered within the tolerance band for such lot as specified in this term. The Buyer is entitled to reject a lot which is not within such tolerance band.

5.06 Periodic Reweighing:

- (a) Subject to paragraph (b) below, Robusta Coffee may not be tendered more than twelve months after the last day of the month in which it was last weighed or reweighed. If such period has expired the Robusta Coffee shall, at the Seller's expense, be reweighed before delivery and the Warrant details recorded on NYSE Liffe Guardian updated accordingly; and
- (b) Robusta Coffee may be tendered up to 36 months after the last day of the month in which it was last weighed or reweighed, provided that the Seller makes a Weight Allowance in respect of notional loss of weight at the rate of 0.75 per cent per Tonne in respect of the second year or part thereof and 0.0625 per cent per Tonne in respect of each subsequent month or part thereof, up to a maximum deduction of 1.5 per cent per Tonne. The Weight Allowance shall be calculated on the basis of:
  - (i) the Net Weight; and
  - (ii) the EDSP.

5.07 A lot shall be weighed or reweighed in a Warehouse in accordance with the Grading and Warehousekeeping Procedures in force at the time of such weighing or reweighing.

6. Price

- 6.01 Bids and offers shall be quoted in US Dollars per Tonne and prices shall be a whole number multiple of the minimum price fluctuation. The minimum price fluctuation shall be US\$1 per Tonne and shall have a value of US\$10 per lot.
- 6.02 (a) A Warrant shall not be tendered unless Rent is written up (that is to say, the Warrant details recorded on NYSE Liffe Guardian in relation to Rent are updated by the Warehousekeeper) in respect of the period to at least the last calendar day of the month immediately preceding the delivery month.
- (b) The Seller shall make an Allowance for any Rent short of the Settlement Day and the Buyer shall make an Allowance, at the same rate, for any Rent written up beyond the Settlement Day. This Allowance shall be known as the Rent Allowance and shall be calculated on the basis of:
- (i) the Gross Weight;
  - (ii) the daily rent rate per Tonne as published by the Exchange and CSP from time to time; and
  - (iii) the number of days in respect of which Rent is due.
- (c) For the purposes of this term 6.02 references to the Settlement Day are to be construed as references to the fourteenth day after the Tender Day, whether or not it is a business day.

7. Import Duty, Levy or Tariffs

- 7.01 The notional amount of any import duty, levy or other tariff (other than value added tax) chargeable upon the importation of Robusta Coffee (other than Robusta Coffee which is exempt from any such charge) into the European Union, calculated at the rate thereof in force on the first business day of the delivery month and on the basis of the Exchange's EDSP for that delivery month on the last business day of the immediately preceding month, shall in every case be deducted from the Contract price (whether or not any duty, levy or other tariff, other than value added tax, has actually been paid on the Robusta Coffee) unless the tender documents show that the Robusta Coffee tendered is exempt from such charge, or the coffee is tendered for delivery in the ports of New York or New Orleans.
- 7.02 The Contract price shall be exclusive of any value added tax which may be or become payable thereon. Any such tax shall be for the Buyer's account.
- 7.03 If any country shall at any time adhere or cease to adhere to any international agreement, convention or treaty the Board may (without prejudice to its powers

under any other rule) take any steps it deems necessary or desirable (whether by way of varying these Contract terms or otherwise) for the purpose of reducing or eliminating any effect on the market which in the Board's opinion results from any consequential change in the rate or incidence of any import duty, levy or other tariff charged on Robusta Coffee of any Origin. Such steps may include the adjustment of Contract prices by such Allowances, premiums or other means as may be determined by the Board.

8. Last Trading Day

8.01 On the Last Trading Day:

- (a) trading in Contracts for the relevant delivery month shall cease at such time as may be specified for that purpose in the Administrative Procedures; and
- (b) the Exchange will calculate the EDSP for such Contracts in accordance with term 9.

8.02 If, for Contracts in respect of a delivery month, the day specified as the Last Trading Day is not a business day then the business day immediately preceding that day shall become the Last Trading Day for such Contracts.

8.03 If, at any time after the close of trading two business days prior to the day which would have been the Last Trading Day in respect of a delivery month, it becomes known to the Exchange that the day which would have been the Last Trading Day will not be a business day, then the business day next following such day shall become the Last Trading Day in respect of that delivery month and the Exchange shall publish a Notice to that effect.

9. Exchange Delivery Settlement Price ("EDSP")

9.01 Subject to term 9.02, the EDSP for Contracts for a particular delivery month shall be calculated by Exchange officials on each business day during the delivery period. The EDSP for a business day in the delivery period shall be the Daily Settlement Price determined by the Exchange on the previous business day, in accordance with the Liffe Trading Procedures, as amended from time to time.

9.02 If, in the opinion of Exchange officials, the EDSP which would result from a calculation made in accordance with term 9.01 would be unrepresentative or incompatible with due observance of the Exchange's responsibilities, or it is impracticable to calculate the EDSP in accordance with term 9.01, then Exchange officials may in their absolute discretion fix the EDSP at a price determined by them with reference to such available data as they deem appropriate.



9.03 The Exchange shall publish the EDSP by the time specified for that purpose in the Administrative Procedures. The EDSP shall be final and binding for all purposes.

10. Invoicing Amount

10.01 Subject to term 10.02, the “invoicing amount” in respect of each lot to be delivered under a Contract and referred to in a Delivery Notice shall be a sum calculated in accordance with the formula:

$$\text{EDSP} * \text{Net Weight} - (A+B+C+D+E)$$

where:

EDSP = The EDSP for the Tender Day

A = Age Allowance (as per term 3.05)

B = Class Allowance (as per terms 4.03, 4.04 and 4.05)

C = Weight Allowance (as per term 5.06)

D = Rent Allowance (as per term 6.02)

E = Import Duty (as per term 7)

10.02 (a) Where the sum calculated in accordance with term 10.01 is not a number of US Dollars and whole cents, such sum shall be rounded to the nearest sum which is a number of US Dollars and whole cents and the invoicing amount shall be such nearest sum.

(b) Where the sum calculated in accordance with term 10.01 is a number of US Dollars and whole cents and one half of one cent, such sum shall be rounded up to the nearest sum which is a number of US Dollars and whole cents, and the invoicing amount shall be such nearest sum.

11. Settlement Payments

11.01 In respect of each lot referred to in a Seller's Delivery Notice, in addition to any other payment required by these terms, the following payments shall be made by the time specified for that purpose in the Administrative Procedures:

(a) where the EDSP exceeds the Contract price, payment by the Seller to the CSP or payment by the CSP to the Buyer, or both (as the case may require); and

- (b) where the Contract price exceeds the EDSP, payment by the Buyer to the CSP or payment by the CSP to the Seller, or both (as the case may require);

of an amount calculated as the difference, in US Dollars multiplied by ten in respect of each lot, between the EDSP and the Contract price.

## 12. Seller's Delivery Notice and Notifications to the Seller

- 12.01 A Seller in whose name one or more Contracts is registered by the Exchange, or who intends to submit or has submitted one or more Contracts to the Exchange for registration, shall have given to the Exchange a Seller's Delivery Notice in respect of each lot comprised in such Contracts which has been allocated a Valid Grading Result and for which there is a Warrant that has been immobilised, not later than the time on the Tender Day specified for that purpose in the Administrative Procedures.
- 12.02 A Seller's Delivery Notice shall be presented to the Exchange by the Seller by such means and in such a form as is prescribed from time to time by the Exchange. The Seller's Delivery Notice shall in respect of each lot to be delivered by the Seller specify the information set out in the Administrative Procedures and such other information as the Exchange may prescribe from time to time.
- 12.03 Subject to term 14.05, a Seller shall not substitute a tender after delivery of the tender to the Exchange, unless:
  - (a) the Seller has obtained the prior consent of the Exchange, the Exchange has obtained the Buyer's prior written consent in respect of any lots referred to in the tender which have been allocated to such Buyer under term 12.01 and the Seller has notified the Exchange of the proposed substitution; or
  - (b) the Seller is directed by the Exchange to make a substitution of the tender, or any of its terms.
- 12.04 The CSP shall not be obliged to accept a tender in respect of one or more lots, unless:
  - (a) the tender complies with terms 12.02 and 12.03; and
  - (b) the Seller is able to present such other documents or information in respect of such lots as may be required by the Exchange under term 12.02.
- 12.05 By the time specified for that purpose in the Administrative Procedures on the Tender Day, the Exchange shall make available to the Seller details of the

invoicing amount payable to the Seller by the CSP in respect of each lot to be delivered by the Seller.

13. Allocations and Notifications to the Buyer

13.01 In respect of registered Contracts, the Exchange will, not later than the Tender Day specified for that purpose in the Administrative Procedures, allocate to a Buyer one or more lots referred to in a Tender in respect of each lot to be delivered to it by the CSP and by such method of allocation as may be specified in the CSP Procedures.

13.02 By the time specified for that purpose in the Administrative Procedures on the Tender Day, the Exchange shall make available to the Buyer details of the invoicing amount payable by the Buyer to the CSP in respect of each lot allocated to the Buyer.

13.03 The Buyer acknowledges and agrees that any information provided by the Exchange pursuant to term 13.01 may be amended from time to time by the Exchange.

14. Delivery

14.01 No later than the time specified for that purpose in the Administrative Procedures, the Buyer shall make payment to the CSP of the invoicing amount on the Settlement Day in respect of each lot allocated to the Buyer. Payment is to be made without prejudice to the reference of any claim or dispute to arbitration. No interest shall be payable to a Buyer who pays the invoicing amount before taking up documents.

14.02 (a) The Seller shall ensure that the Warrant details recorded on NYSE Liffe Guardian in respect of each lot are accurate and complete in all respects.

(b) A Buyer requiring to take up and pay for the Warrant before the Settlement Day ("Early Take-Up") shall give notice to the Exchange in accordance with Administrative Procedure 5 on the Business Day prior to that on which he wishes to take up the Warrant.

14.03 (a) Rent in respect of each lot shall be paid by the Seller in accordance with term 6.02.

(b) A Seller or Buyer who delivers or takes delivery of a lot on behalf of another party shall be entitled to recover from such party any tender fee payable to the Exchange.

14.04 The Seller shall represent and warrant to the Buyer that each lot delivered by the Seller is free from any security interest, lien or encumbrance. The Seller shall indemnify the Buyer on demand against each loss, liability and cost which the Buyer incurs or suffers arising out of any claim made or action brought or

threatened against the Buyer alleging infringement of the rights of any third party in respect of any lot delivered by the Seller under a Contract.

- 14.05 For the avoidance of doubt, notwithstanding that the CSP is not recorded as the owner of a lot on NYSE Liffe Guardian, it is the buyer to the Seller and the seller to the Buyer in the process of transferring ownership of the lot.
- 14.06 No later than the time specified for that purpose in the Administrative Procedures, the CSP shall make payment to the Seller of the invoicing amount on the Settlement Day in respect of each lot delivered by the Seller in accordance with these terms and the Regulations. At such point the Seller will be deemed to have transferred the lot to the CSP.
- 14.07 No later than the time specified for that purpose in the Administrative Procedures, if the Buyer has paid the invoicing amount in respect of a lot, the records on NYSE Liffe Guardian will be updated to reflect the change of ownership from Seller to Buyer in respect of such lot on the Settlement Day in respect of each lot allocated to the Buyer, in accordance with these terms and the Regulations. At such point the Buyer will be deemed to have taken up the Warrant from the CSP. Each Warrant is to be taken up by the Buyer without prejudice to the reference of any claim or dispute to arbitration. The CSP is under no obligation to effect delivery if the Buyer has not paid the invoicing amount in respect of the lot which is the subject of the Warrant.
- 14.08 Without prejudice to any steps taken by the CSP under term 16, if payment is not made by the time and on the day prescribed for that purpose in the Administrative Procedures, the CSP may sell the lot in respect of which payment has not been made. Any surplus or deficit resulting from such sale, with an account for interest and the costs of sale, shall be settled between the CSP and the Buyer forthwith.
- 14.09 A Buyer shall be deemed to have accepted a lot delivered under term 14.02, by 17.00 on the Acceptance Date unless the Buyer has, within such period, notified the Exchange and the CSP in accordance with the Rules, of the Buyer's intention to refer a claim or dispute to arbitration. The Exchange will promptly notify the Seller of the Buyer's notification.
- 14.10 Without prejudice to the provisions of terms 14.04 and 16, a failure by the Seller or Buyer to comply with its obligations under any of the provisions of terms 12, 13 or 14, as the case may be, shall constitute a default in performance entitling the CSP forthwith to take steps under any of the provisions of term 16. Any action taken by the CSP shall be without prejudice to any rights, obligations or claims of the Seller or the Buyer or the CSP and any costs, claims, losses, taxes or expenses of whatsoever nature incurred or suffered by the CSP in connection with such action shall be paid by the party in default in performance, whether that be the Seller or the Buyer.

15. Property and Risk

15.01 Property and risk in respect of a lot delivered under a registered Contract will pass:

- (a) from the Seller to the CSP as Buyer, once the following has been effected:
  - (i) the deemed transfer by the Seller to the CSP of the Warrant in respect of such lot; and
  - (ii) the payment by the CSP of the invoicing amount in respect of such lot in same day or immediately available, freely transferable, cleared funds; and
- (b) from the CSP as Seller to the Buyer, once the following has been effected:
  - (i) the payment by the Buyer to the CSP of the invoicing amount in respect of such lot in same day or immediately available, freely transferable, cleared funds; and
  - (ii) the deemed take up of the Warrant in respect of such lot by the Buyer.

16. Default in Performance

16.01 The provisions of this term 16 shall be subject to the default rules from time to time in force of the CSP.

16.02 For the purposes of this term 16, a reference to a “default in performance” shall, subject to term 16.05, be construed as including an actual failure or an anticipated failure by a Seller or a Buyer under term 16.03 in performing its obligations under a Contract. An anticipated failure is one which the CSP, in its reasonable opinion, thinks will occur and in respect of which the CSP considers that it should take action under the provisions of this term 16.

16.03 A Buyer or a Seller shall be in default in performance where:

- (a) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed in accordance with these terms, the Rules and the Administrative Procedures and the Regulations; or
- (b) he fails to pay any sum due to the CSP in respect of a registered Contract by the time specified for that purpose in the Administrative Procedures; or
- (c) in the reasonable opinion of the CSP, he is in default in performance.

- 16.04 If a default occurs, this term 16 shall entitle the CSP to declare a default in performance. For the avoidance of doubt, neither the Buyer nor the Seller shall be entitled to declare a default in performance under this term 16.
- 16.05 Errors in a notice, which are determined in the CSP's absolute discretion to be clerical errors which can be readily rectified and are rectified, shall not be treated as constituting a default in performance.
- 16.06 Subject to terms 16.07(b) and 16.11, if it appears to the CSP that a Seller or a Buyer is in default in performance under a registered Contract, the CSP shall notify the Exchange of the default in performance and may, in its absolute discretion:
- (a) take such steps as it deems appropriate to facilitate a mutually acceptable resolution of the default in performance. A resolution of a default in performance may be on such terms and take such form as is acceptable to the CSP, to the Seller and to the Buyer. Such terms may limit some or all of the rights of the Seller, the Buyer or the CSP to refer any matter concerning or arising out of a default in performance (or the resolution thereof) to arbitration under term 20;
  - (b) without prejudice to any of its other rights under this term 16, refer to the Board any dispute or issue arising between any of the parties. If upon such reference, the Board is of the opinion that the default in performance is of minor significance it shall determine any such dispute or issue between such parties upon such evidence as it may deem relevant and convey its findings to such parties who shall forthwith accept such determination and shall implement its terms without question, provided that such acceptance and implementation shall be without prejudice to the right of any party to refer the dispute or any related dispute to arbitration under term 20; or
  - (c) take any steps whatsoever which may appear desirable to the CSP for the protection of the CSP or of the party, either Seller or Buyer, which is not in default in performance including, without prejudice to the generality of the foregoing, any steps in order to perform its obligations to a party under a registered Contract.
- 16.07 If, within five business days of the default in performance having come to the attention of the CSP:
- (a) the steps taken by the CSP have not led or are not likely to lead to a resolution of the default in performance; or
  - (b) the CSP has not taken any steps and the default in performance remains unresolved,

the CSP will refer the matter to the Board. If upon reference of the dispute or issue to the Board, the Board is of the opinion that the default in performance may not be determined by the Board in accordance with term 16.06(b), then each lot of Robusta Coffee the subject of the dispute or issue shall be the subject of cash settlement at a price fixed by the Board in consultation with the CSP. The price may at the Board's absolute discretion take account of any compensation that the Board may consider, on the evidence before it, should be paid by either party to the other.

- 16.08 Any cash settlement price fixed under term 16.07 shall be binding on the parties. No dispute as to the price may be referred to arbitration but the completion of cash settlement shall be without prejudice to the right of either party to refer any other dispute or issue between them to arbitration under term 20.
- 16.09 Any costs, claims, losses, taxes or expenses of whatsoever nature suffered or incurred by the CSP in connection with any steps taken by the CSP in relation to a Contract to which the default in performance relates shall be paid by the Buyer or Seller who is in default in performance. Any steps taken by the CSP in relation to a default in performance shall be without prejudice to any rights (including rights to refer matters to arbitration under term 20), obligations or claims of the Buyer, the Seller or the CSP in relation to a Contract to which the default in performance relates.
- 16.10 A Buyer or Seller who is in default in performance under this term 16 shall forthwith pay to the CSP any sums payable by it under term 12 and any sums payable pursuant to this term 16.
- 16.11 Notwithstanding that a Buyer or Seller may be in default in performance under this term 16, the CSP may in its absolute discretion determine not to exercise or to delay in exercising any of its rights under this term 16, and no failure by the CSP to exercise nor any delay on its part in exercising any of such rights shall operate as a waiver of the CSP's rights upon that or any subsequent occasion, nor shall any single or partial exercise of any such rights prevent any further exercise thereof or of any other right.
- 16.12 A Buyer, a Seller or the CSP may refer a dispute or issue arising out of a default in performance under this term 16 (subject always to the application of provisions of terms 16.06, 16.07 and 16.08) to arbitration under term 20.
- 16.13 The provisions of this term 16 relating to steps that may be taken by the CSP where there appears to the CSP to be a default in performance by a party to a registered Contract may be varied, or different steps may be substituted therefore by the Board from time to time. Any such variation or substitution shall have such effect with regard to such existing and/or new Contracts and registered Contracts as the Board may determine.

17. Force Majeure

- 17.01 Subject to term 17.02, a “Force Majeure event” shall mean an event beyond the reasonable control of either party to a Contract which delays, hinders or prevents the performance in whole or in part by a party of his obligations under the Contract (other than an obligation to make a payment), including, without limitation, act of God, storm, flood, earthquake, fire, explosion, malicious damage, accident howsoever caused, strike, lock-out, labour dispute, riot, civil commotion, war whether declared or undeclared, armed conflict, use of force by authority of United Nations, act of terrorism, act of government or other national or local authority or any agency thereof, breakdown of machinery, and unavailability, restriction, failure or delay in or computer or data processing systems or communication or energy supplies or bank transfer systems.
- 17.02 The following shall not be a Force Majeure event: the failure for whatever reason of a computer or other electronic facility to accept a notification made by a Seller or a Buyer (other than the CSP) as required by these terms and the Administrative Procedures.
- 17.03 A party to a Contract shall not be entitled to rely upon this term 17 unless such party has notified the CSP and the Exchange in writing immediately after such party has become aware (or after it ought reasonably to have become aware) of such Force Majeure event, and has continued to seek to perform its obligations in accordance with the Contract (in which event it shall be entitled to such relief with effect from the commencement of such Force Majeure event). The notice shall state the date on which the Force Majeure event commenced and the effects of the Force Majeure event on such party’s ability to perform its obligations in accordance with the Contract, including an estimate of the period of the Force Majeure event. A further notice shall be given immediately after the Force Majeure event has ceased.
- 17.04 Upon the request of the CSP or the Exchange, a party seeking relief under this term 17 shall promptly provide such other information as required by the CSP or the Exchange to assist the Board in determining whether a Force Majeure event has occurred. If a Force Majeure event has occurred, neither party will be deemed in default in performance of its obligations under a Contract if such party was unable to perform its obligations as a direct result of the occurrence of such Force Majeure event nor will any penalty or damages be payable if and to the extent that performance of any obligation is delayed hindered or prevented by a Force Majeure event.
- 17.05 Subject to any steps taken at any time by the Board under emergency powers in the Rules and subject to the default rules from time to time in force of the CSP, if the Board determines under term 17.04 that a Force Majeure event has delayed, hindered or prevented a party from performing any obligation under a Contract for a period of at least five Business Days beyond the time limit fixed in or under the Contract any lot or part thereof not delivered to the Buyer, shall be the subject of cash settlement at a price to be fixed by the Board in consultation with the CSP in their absolute discretion. Such price shall be binding on the parties. No dispute as to the price may be referred to arbitration



but the completion of cash settlement shall be without prejudice to the right of either party to refer any dispute arising out of the Contract to arbitration under the Rules.

18. New Legislation

- 18.01 Subject to any steps taken by the Board under the emergency powers in the Rules, and without prejudice to any other powers of the Board to vary the terms of any Contract (existing or future) if the Board in its absolute discretion determines that a change of legislative or administrative provisions in the United Kingdom, the European Union, any country or group of countries or of an institution or market organisation in any country or group of countries, has affected, is affecting or is likely to affect the normal course of business or the performance of these terms or the Administrative Procedures, the Board shall have the power to vary these terms (including without limit those of any existing Contract) in any way it considers necessary for restoring or preserving the orderly course of business or performance of these terms or the Administrative Procedures.
- 18.02 A variation pursuant to term 18.01 may be made notwithstanding that it may affect the performance or value of an existing Contract (or of such existing Contracts as may be specified by the Board). Without limitation of its powers hereunder the Board will use its best endeavours to keep any variation to the minimum considered reasonably necessary to achieve the purpose of this term.
- 18.03 Any determination made by the Board under this term 18 shall be the subject of an Notice. Any such variation of these terms or Administrative Procedures shall take effect at such time and for such period as may be specified in the Notice and may be modified or revoked by a subsequent variation by the Board made under this term 18.
- 18.04 A Contract affected by a variation under this term 18 shall remain in full force and effect subject to such variation and neither party shall be entitled to repudiate such Contract or treat it as frustrated except so far as may be allowed by the Board.

19. Articles, Rules and Regulations

- 19.01 Every Contract shall be subject to the Articles and the Rules and the Regulations insofar as applicable notwithstanding that either or both of the parties to it are not a member of the market or of the CSP.
- 19.02 In case of any conflict between the Administrative Procedures and these terms or the Rules, the provisions of these terms and the Rules shall prevail and in the event of any conflict between these terms and the Rules, the Rules shall prevail.

19.03 The Exchange shall not do anything under this Contract or take any other action which shall put the Exchange in breach of any legislation, restriction or sanction to which it is subject.

20. Arbitration

20.01 Subject to term 16 and term 20.02 and to the Rules, any dispute arising from or in relation to a Contract shall be referred to arbitration under the Rules. The arbitration shall be held in accordance with the Rules in force at the time of such reference.

20.02 No dispute arising from or in relation to any cash settlement or invoicing back price fixed by the Board under these terms shall be referred to arbitration under the Rules.

21. Law and Jurisdiction

21.01 Every Contract shall be governed by and construed in accordance with English law.

21.02 The provisions of the Convention relating to a Uniform Law on the International Sale of Goods, of 1964 and the provisions of the United Nations Convention on Contracts for the International Sale of Goods, 1980, shall not apply to Contracts.

22. Non-Registered Contracts

22.01 In respect of a Contract which is not a registered Contract (“non-registered Contract”) these terms shall be modified so as to require and allow that a Contract to be registered with the Exchange under the Rules and the Regulations is capable of being so registered, and to facilitate the performance of such registered Contract (and of any intermediate Contract) in accordance with these terms and the Administrative Procedures. Modifications may also be made to the terms of a non-registered Contract if, without such modifications, it may not be possible to perform such Contract by the applicable times specified in these terms and the Administrative Procedures. Without prejudice to the generality of the foregoing, all references in these terms to payment or dealing between the Buyer or the Seller and the Exchange shall be modified so as to require a similar payment or dealing directly between the Buyer and the Seller party to such non-registered Contract.

23. Statement in relation to the Tender Process

23.01 The Exchange draws the following statement to the attention of potential users of the Robusta Coffee Futures Contract. Members should ensure that their clients are made aware of the statement.

“Statement in relation to the Tender Process:

Potential users of the Robusta Coffee Futures Contract should familiarise themselves with the Contract Terms and Administrative Procedures and the Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts. Potential users should also be aware of the fact that for the May 2010 delivery month onwards only Warrants that have been immobilised will be tenderable.”

Issue Date: 26 March 2010

## **Robusta Coffee Futures Contract**

Exchange Contract No. 409

### **Administrative Procedures**

#### **1. Settlement Procedures**

All deliveries in respect of this Contract must be made in accordance with the Contract terms, the Administrative Procedures and the CSP Procedures. Buyers and Sellers are obliged to deliver or take delivery in respect of their total gross Contract position remaining open after the close of trading on the Last Trading Day in the relevant delivery month and must therefore ensure that their gross position (open buying and selling Contracts) registered with the Exchange or submitted to the Exchange for registration allows for this.

#### **2. Tender Day**

By 12.00 hours      Each Seller shall have given a Seller's Delivery Notice to the Exchange by such means and in such form as is prescribed by the Exchange from time to time by 12.00 hours on any business day during the delivery month (excluding the Last Trading Day when the Seller's Delivery Notice must be submitted by 14.30 hours).

Seller's Delivery Notices may be deleted by members up to 12.00 hours on the day on which they were given.

Each Seller's Delivery Notice shall specify in respect of each parcel:

- (a)      the name of the Seller;
- (b)      details of the number of lots to be delivered under the Contract;
- (c)      details of the delivery area for each lot and Warehousekeeper in whose Warehouse each lot is stored;
- (d)      details of the Warrant number and Valid Grading Result number for each parcel;
- (e)      details of the account designation of each parcel (e.g. house or client); and
- (f)      such other information as the Exchange may

prescribe from time to time.

After 12.00 hours      The Exchange allocates the Robusta Coffee to the Buyers in accordance with the Exchange Procedures.

The Exchange will make available to the Seller details of the invoicing amount payable to the Seller in respect of each lot to be delivered on the Settlement Day.

The Exchange will make available to the Buyer details of the invoicing amount payable by the Buyer in respect of each lot allocated to the Buyer.

All payments required by term 11.01 to be made by the Buyer and the Seller shall have been completed.

A Seller's Delivery Notice received by the Exchange after 12.00 hours will be counted as received the following business day. Subject thereto, the date of the Seller's Delivery Notice is the date on which the Seller's Delivery Notice is received by the Exchange.

By 13.00 hours      The Exchange will announce the EDSP. The EDSP will be determined in accordance with term 9.

### 3. Last Trading Day

At 12.30 hours      Trading in Contracts for the relevant delivery month shall cease.

By 13.30 hours      The Exchange will announce the EDSP. The EDSP will be determined in accordance with term 9.

By 14.30 hours      Remaining open positions automatically become delivery contracts.

Sellers must transmit tender details to the Exchange.

Tender notifications may be deleted by members up to 14.30 hours.

After 14.30 hours      The Exchange allocates the Robusta Coffee to the Buyers in accordance with the Exchange Procedures.

The Exchange will make available to the Seller details of the invoicing amount payable to the Seller in respect of each lot to be delivered on the Settlement Day.

The Exchange will make available to the Buyer details of the invoicing amount payable by the Buyer in respect of each lot allocated to the Buyer.

4. Settlement Day

By 10.00 hours      The Buyer shall pay to the CSP in accordance with term 14.01, in the manner prescribed from time to time by the CSP, the final invoicing amount in respect of each lot.

After 12.00 hours      The CSP shall pay to the Seller the final Invoicing Amount in respect of each lot, delivered by the seller in accordance with term 14.02.

The Exchange will, in respect of each lot, make such entries on NYSE Liffe Guardian so as to give effect to the transfer of ownership from the Seller to the Buyer for the lots which it has been allocated under these terms, in accordance with terms 16 and 17.

5. Early Take Up

By 16.00 hours      In respect of Early Take Up in accordance with term 14.02(c), the Buyer shall give notice to the Exchange by 16.00 hours on the business day prior to that on which he wishes to take up the Warrant.

6. Acceptance of a Lot

By 17.00 hours      The Buyer shall be deemed to have accepted a lot by 17.00 hours, on the day which is seven business days after payment unless he has:

(a) within such period notified the Exchange, which will in turn notify the Seller of his intention to refer a dispute to arbitration; and

(b) referred such dispute to arbitration not later than the next business day in accordance with term 20.

Issue Date: 26 March 2010

EXCHANGE CONTRACT NO. 401

COCOA FUTURES CONTRACT

CONTRACT TERMS - Issue Date: 26 March 2010<sup>1</sup>

ADMINISTRATIVE PROCEDURES - Issue Date: 26 March 2010

Delivery Months: May 2010 onwards

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<sup>1</sup> Please refer to London Notice No.3269, issued on 26 March 2010.

## **CONTENTS**

### **Contract Terms**

1. Interpretation
2. Contract Specification
3. Delivery Units
4. Quality, Condition and Origin
5. Packing and Weights
6. Price
7. Import Duty
8. Last Trading Day
9. Exchange Delivery Settlement Price (“EDSP”)
10. Invoicing Amount
11. Settlement Payments
12. Seller’s Delivery Notice and Notifications to Seller
13. Buyer’s Notification and Allocation and Notifications to Buyers
14. Conversion of Nominated Large Delivery Units and Final Allocation
15. Conversion of Nominated Bulk Delivery Units and Final Allocation
16. Delivery
17. Property and Risk
18. Default in Performance
19. Emergency Provisions
20. Force Majeure
21. New Legislation
22. Articles, Rules and Regulations
23. Arbitration
24. Governing Law
25. Non-registered Contracts
26. Economic and Monetary Union
27. Statement in relation to the Tender Process

### **Administrative Procedures**

1. Price
2. Settlement Procedures
3. Last Trading Day
4. Notice Day
5. The First Business Day after the Notice Day
6. The First Business Day prior to the Settlement Day
7. Settlement Day
8. The First Business Day prior to the Conversion Settlement Day
9. Conversion Settlement Day
10. The First Business Day prior to the Extended Conversion Settlement Day
11. Extended Conversion Settlement Day
12. Acceptance Date



## **Cocoa Futures Contract**

### **Terms of Exchange Contract No. 401**

#### **1. Interpretation**

1.01 Save as otherwise specified herein, words and phrases defined in the Rules shall have the same meanings in these terms and in the Administrative Procedures.

1.02 In these terms and in the Administrative Procedures:

“Administrative Procedures” means the procedures from time to time implemented by the Board pursuant to the Rules for the purposes of this Exchange Contract.

“Allowance” means either a discount or a premium to the Contract price, expressed in Pounds per tonne, which is stated in these terms or otherwise shall be published from time to time by Notice.

“Bean cluster” means two (or more) Cocoa beans which are joined together and are unable to be split into two (or more) whole single Cocoa beans as a result of the exertion of reasonable hand pressure.

“Bulk Delivery Unit” means an amount of loose Cocoa conforming to term 3.04(b) and having a nominal net weight of 1,000 tonnes.

“Business Day” means a day on which the market, the CSP and banks in London are open for business.

“Buyer” in respect of a Contract means the person who is obliged under such Contract to accept delivery in respect of each Lot of Cocoa and to pay the invoicing amount in respect of each such Lot (including, except where the context otherwise requires, the CSP as a buyer under a registered Contract).

“Buyer’s Position Notice” means the notice to be given by the Buyer to the Exchange under term 13.01.

“Cocoa” means cocoa beans which are the whole seeds of the cocoa tree (*Theobroma Cacao* L).

“Contract” means a contract made expressly or impliedly in the terms of this Exchange Contract for the sale and purchase of one or more Lots and “registered Contract” means a Contract registered by the Exchange.

“Conversion Date” means the date on which the conversion rate for Sterling against the euro is fixed in accordance with EMU legislation.

“Conversion Settlement Day” in respect of a Delivery Month means, subject to term 15.06(a), ten Business Days immediately following the Settlement Day for such Delivery Month.

“Converted Delivery Unit” means a new Delivery Unit which is formed upon the conversion of part or all of a Nominated Delivery Unit.

“CSP” means a clearing service provider appointed pursuant to LIFFE Rule 1.1.3 (or any successor rule thereto) from time to time to provide certain clearing services to the Exchange.

“CSP Procedures” means the Procedures of the CSP from time to time in force.

“Default in Performance” has the meaning attributed to it in term 18.02.

“Defective” means a Mouldy Bean or an Insect-damaged Bean or both.

“Delivery Area” means each geographic area referred to in term 3.03, as varied by the Board from time to time, within which a Warehouse must be located.

“Delivery Month” means each month specified as such by the Board pursuant to the Rules.

“Delivery Unit” means a Standard Delivery Unit, a Large Delivery Unit or a Bulk Delivery Unit.

“Depository” means any person appointed by the Exchange to receive, hold and administer Warrants in immobilised form; details of such persons shall be notified by Notice from time to time.

“Dual Capacity Warehousekeeper” means a Warehousekeeper which has been nominated by the Exchange in its absolute discretion to store in its Warehouse Standard, Large and Bulk Delivery Units recorded on NYSE Liffe Guardian and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice.

“EDSP” means Exchange Delivery Settlement Price and has the meaning attributed to it in term 9.

“EMU Legislation” means legislative measures of the European Council, and as appropriate the United Kingdom, for the introduction of, changeover to or operation of the euro pursuant to implementation of Economic and Monetary Union including such legislative measures as are enacted in contemplation of the United Kingdom introducing the euro as its lawful currency.

“€” denotes the single currency of the European Union introduced in a Member State as the lawful currency of that Member State pursuant to its participation in

Economic and Monetary Union in the European Union pursuant to EMU legislation known, at the date of the issue of these terms, as “euro”.

“EU” means the European Union.

“Evidence of Import Duty” has the meaning attributed to it in term 7.03.

“Extended Conversion Settlement Day” has the meaning attributed to it in term 15.06(a).

“Foreign Matter” means any substance or matter, other than a whole Cocoa bean or Residue, which in the opinion of the LIFFE Registered Cocoa Graders is, upon grading, identified as foreign matter.

“Fumigation Charge” means a monthly fee which a Warehousekeeper shall be entitled to charge in respect of the fumigation and fogging of a Delivery Unit stored in its Warehouse and which is levied pursuant to the Grading and Warehousekeeping Procedures.

“Grading and Warehousekeeping Procedures” means the procedures from time to time implemented by the Board pursuant to the Rules in respect of:

- (a) sampling and storage of Cocoa by Warehousekeepers;
- (b) grading of Cocoa by the LIFFE Registered Cocoa Graders; and
- (c) the Warrant management service for Cocoa,

which may be contained in one or more documents.

“Grading Result” means the result given to a Delivery Unit which has been graded by the LIFFE Registered Cocoa Graders and containing such information as the Board may prescribe from time to time.

“Gross Weight” has the meaning attributed to it in term 5.04(a).

“Import Duty Documentation” has the meaning attributed to it in term 7.01(a).

“Insect-damaged Bean” means a cocoa bean the internal parts of which are found to contain insects at any stage of development or any evidence thereof, or evidence of insect damage, which is visible to the naked eye.

“Interest Rate” means BBA LIBOR for one month deposits in sterling as at 11.00 hours on the Settlement Day for the relevant Delivery Month, provided that the Board may at its discretion resolve, prior to the commencement of the calendar month in which the Settlement Day for the relevant Delivery Month falls, that the Interest Rate shall be determined by other means. Any such determination by the Board shall be the subject of a Notice.

“Invoicing Amount” has the meaning attributed to it in term 10.01

“Large Delivery Unit” means an amount of bagged Cocoa conforming to term 3.04(a) and having a nominal net weight of 100 tonnes.

“Last Trading Day” in respect of a Delivery Month means (subject to term 19.01) eleven Business Days immediately prior to the last Business Day of such Delivery Month.

“LIFFE Registered Cocoa Graders” means a panel of Cocoa graders registered with the Exchange in accordance with the Grading and Warehousekeeping Procedures who upon the application of a Nominated Member examine and grade a sample of the Delivery Unit which is the subject of the application and issue a Grading Result in respect of such Delivery Unit pursuant to the Grading and Warehousekeeping Procedures.

“Lot” has the meaning attributed to it in term 2.02.

“Member State” means a member of the European Union.

“Mouldy Bean” means a cocoa bean on the internal parts of which mould is visible to the naked eye.

“Net Weight” in respect of a Delivery Unit means the net weight of such Delivery Unit calculated in accordance with term 5.04 and expressed in tonnes.

“Nominated Bulk Delivery Unit” means a Nominated Delivery Unit which is a Bulk Delivery Unit.

“Nominated Delivery Unit” means each Delivery Unit to be converted by or on behalf of the Seller as notified to the Exchange under term 12.04(a) or (b).

“Nominated Large Delivery Unit” means a Nominated Delivery Unit which is a Large Delivery Unit.

"Nominated Member" means a Clearing Member who, on behalf of an Owner, has been nominated by a Warehousekeeper or another Nominated Member in respect of the registration on NYSE Liffe Guardian of a Warrant that is to be, or has been, immobilised.

“Notice Day” in respect of any Lot comprised in a Contract means (subject to term 19.02) the Business Day immediately following the Last Trading Day.

“NYSE Liffe Guardian” means the electronic system relating to grading, tender, delivery and warrant management services, or any successor thereto, which, amongst other things, records Cocoa stored in a Warehouse for delivery under a Contract.

“Origin” means the country, or geographic area in a country, in which the cocoa was produced.

“Origin Group” means each group specified in term 4.08.

“Pounds”, “£”, “pence” and “penny” denote lawful currency of the United Kingdom at the date of issue of these terms, known as “Sterling”.

“Preferential Rate of Import Duty” has the meaning attributed to it in term 7.01.

“Regulations” means the General Regulations, Default Rules and Procedures of the CSP from time to time in force.

“Rent” means a periodic fee (but not including Fumigation Charges) which a Warehousekeeper shall be entitled to charge in respect of the storage of a Delivery Unit in its Warehouse, and which is levied pursuant to the Grading and Warehousekeeping Procedures.

“Residue” means any Cocoa element other than a whole Cocoa bean (which may include, without limitation, broken beans, fragments of beans and pieces of shell), which in the opinion of the LIFFE Registered Cocoa Graders is, upon grading, identified as residue.

“Seller” ” in respect of a Contract means the person who is obliged under such Contract to deliver Cocoa in respect of each Lot (including, except where the context otherwise requires, the CSP as seller under a registered Contract).

“Seller’s Delivery Notice” means the notice to be given by the Seller to the Exchange under term 12.01 and 12.02.

“Settlement Day” in respect of a Delivery Month means (subject to term 19.03), the last Business Day of the Delivery Month.

“Shipment Period” means the period commencing 1 October in a calendar year and ending on 30 September in the following calendar year.

“Single Capacity Warehousekeeper” means a Warehousekeeper which has been nominated by the Exchange in its absolute discretion to store in its Warehouse Standard and Large Delivery Units recorded on NYSE Liffe Guardian and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice.

“Slaty” means a cocoa bean which shows a slaty colour on half or more of the exposed surface of the cotyledons.

“Standard Delivery Unit” means an amount of bagged Cocoa conforming to term 3.04(a) and having a nominal net weight of 10 tonnes.

“Standard Deviation of the Bean Count” means the measure of the deviation of the bean count per 100 grammes of Cocoa from a nominal standard deviation of the bean count per 100 grammes of Cocoa, where the value of the deviation is derived from a methodology and an algorithm prescribed by the Board from time to time.

“Substituted Delivery Unit” means each Delivery Unit which is substituted by the Seller as notified to the Exchange under term 12.04(c).

“Supervision Company” is a company whose business is the supervision and/or inspection of goods and which is appointed by the Exchange for the purposes of performing inspections on behalf of the Exchange.

“Tender” means the delivery by a Seller in accordance with these terms of a Seller’s Delivery Notice, as amended by one or more notices given under term 12.04 or 12.06.

“Tonne” means a metric tonne of 1,000 kilogrammes.

“Valid Grading Result” has the meaning attributed to it in term 3.05.

“Warehouse” means a warehouse in respect of which a Warehousekeeper has been nominated by the Exchange in its absolute discretion to store Goods and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice. A Warehouse shall, for the purposes of nomination under the Grading and Warehousekeeping Procedures, be a single structure designed or modified for the purpose of storing Goods, or groups of such structures connected by internal doors allowing for the passage of the relevant Goods. Where there are no such interconnecting doors between such structures these shall be nominated as separate Warehouses.

“Warehousekeeper” means either a Single or Dual Capacity Warehousekeeper which has been nominated by the Exchange in its absolute discretion to store in its Warehouse Goods piled as either parcels, lots, Standard and Large Delivery Units or Standard, Large or Bulk Delivery Units, as the case may be, and to record such details that are represented by the Warrant on NYSE Liffe Guardian and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Notice.

“Warrant” means a warrant for the delivery of a Delivery Unit stored in a Warehouse which authorises the possessor of such document to transfer or receive the Delivery Unit referred to therein<sup>2</sup>.

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<sup>2</sup> the Warrant must not have expired under the relevant terms under which the Warrant was issued.

- 1.03 In these terms, unless the contrary is indicated, references to a “term” refer to a term hereof, references to a “Rule” refer to a rule of the Exchange’s Rules, and references to the singular include the plural and vice versa.
- 1.04 In these terms and in the Administrative Procedures, references to the Exchange in the context of delivery rights and obligations shall be read as reference to the CSP where the context so dictates, including, without limitation, where there is reference to situations where the CSP becomes counterparty to delivery rights and obligations pursuant to Tripartite Clearing Membership Agreements and/or the Rules (be this due to a LIFFE Clearing Member being declared a defaulter; or following the expiry of an open contract on the market; or otherwise). For the avoidance of doubt these terms and the Administrative Procedures are not intended to vary the terms of any Tripartite Clearing Membership Agreement and, in the event of conflict between the terms of such documents/agreements the terms of the Tripartite Clearing Membership Agreement shall prevail over these terms and the Administrative Procedures.
- 1.05 Subject to term 26.01, in these terms references to “lawful currency” shall be construed to include units of value of the euro which may be used validly to discharge payment obligations pursuant to the laws of the United Kingdom once the United Kingdom has introduced the euro as its lawful currency pursuant to EMU Legislation and notwithstanding that such units of value of the euro may not at all material times following the Conversion Date constitute legal tender in the United Kingdom.

2. Contract Specification

- 2.01 Each Contract shall be for one or more Lots for the Delivery Month specified.
- 2.02 A “Lot” shall be an amount of Cocoa having a nominal net weight of 10 tonnes.

3. Delivery Units

- 3.01 A Seller shall, in respect of one or more Lots of a Contract, deliver a Standard Delivery Unit, a Large Delivery Unit or a Bulk Delivery Unit, or any combination thereof, of an amount or aggregate amount of Cocoa which is equal to the amount of Cocoa to be delivered under such Lots.
- 3.02 A Seller may only deliver a Tender for a Delivery Unit, if on or before the day and by the time specified for delivery of such Tender in the Administrative Procedures, the Delivery Unit:
- (a) has a Warrant that has been immobilised and its details recorded on NYSE Liffe Guardian;
  - (b) a Valid Grading Result;

- (c) has had the Rent paid in accordance with Term 6.03 and this has been recorded by the Warehousekeeper on NYSE Liffe Guardian,
  - (d) complies with term 5.05 and, if appropriate, term 5.06, 7.04 and any other term.
- 3.03 The delivery of a Delivery Unit shall be made in a Warehouse in a geographic area (a “Delivery Area”) which is, in the Board’s opinion, in or sufficiently close to Amsterdam, Antwerp, Bremen, Felixstowe, Hamburg, Humberside, Le Havre, Liverpool, London, Rotterdam or Teesside. The Board may from time to time de-list a Delivery Area or list any other Delivery Area which shall have such effect with regard to existing or new Contracts or both as the Board may determine in its absolute discretion.
- 3.04 A Seller shall deliver:
  - (a) a Standard or Large Delivery Unit which conforms to terms 4 and 5, which is stored in a Warehouse as a clearly identifiable pile of bagged Cocoa in accordance with the Grading and Warehousekeeping Procedures in force at the time of delivery; or
  - (b) a Bulk Delivery Unit which conforms to terms 4 and 5, which is stored in a Warehouse as segregated loose Cocoa in accordance with the Grading and Warehousekeeping Procedures in force at the time of delivery.
- 3.05 A Grading Result issued in respect of a Delivery Unit shall be valid (“Valid Grading Result”) if:
  - (a) the Delivery Unit has been graded as “tenderable”;
  - (b) it has not expired; subject to term 3.06, the Grading Result will expire at the end of the sixth month after the date of issue of the Grading Result and any unexpired part of the month in which it was graded; and
  - (c) it has not lapsed, subject to term 14.03(a) or 15.03(a), upon conversion of the Delivery Unit, or upon bagging, rebagging or debagging of Cocoa contained in the Delivery Unit or regrading of the Delivery Unit under the Grading and Warehousekeeping Procedures or if term 16.11 applies.
- 3.06 Notwithstanding that a Valid Grading Result may be due to expire in accordance with term 3.05(c), any such Valid Grading Result applying to a Nominated Bulk Delivery Unit shall continue to apply until the Conversion Settlement Day or the Extended Conversion Settlement Day, as the case may be.
- 3.07 If a Delivery Unit was graded by LIFFE Registered Cocoa Graders as not tenderable prior to May 2000, a Seller may submit such Delivery Unit for regrading.



- 3.08 If a Delivery Unit is graded by LIFFE Registered Cocoa Graders as not tenderable under these terms for the May 2000 or a following Delivery Month, a Seller shall not submit such Delivery Unit for regrading, except where permitted to do so by the Grading and Warehousekeeping Procedures.
- 3.09 Without prejudice to any exclusion of liability provision in the Rules, neither the Exchange nor the Board shall be liable for any loss or damage whatsoever, whether for negligence, breach of contract, misrepresentation or otherwise (other than for fraud or wilful default) in respect of:
- (a) the failure by the Exchange or any Graders to grade or to issue a Grading Result by a particular date; or
  - (b) the performance or non-performance by any Grader of any function relating to grading; or
  - (c) the performance or non-performance of a Warehousekeeper of his supervisory duties; or
  - (d) the performance or non-performance by any Warehousekeeper of his obligations pursuant to these terms or the Grading and Warehousekeeping Procedures; or
  - (e) the performance or non-performance of NYSE Liffe Guardian; or
  - (f) the accuracy or availability of any information recorded on NYSE Liffe Guardian; or
  - (g) the safeguarding of rights of any person entitled to a Warrant that has been immobilised or rights asserted by any person claiming to be entitled to be treated as Owner; or
  - (h) the legal consequences or enforceability of the Grading and Warehousekeeping Procedures in any jurisdiction; or
  - (i) the performance or non-performance by any Supervision Company of his obligations which are carried out on behalf of the Exchange; or
  - (j) the performance or non-performance of the Depository of his duties as an immobilised Warrant depository, including, but not limited to receiving, holding and administering Warrants that have been immobilised.

4. Quality, Condition and Origin

- 4.01 (a) A Seller shall deliver a Delivery Unit which is of a quality, condition and Origin which complies with this term 4. The quality and condition of a Delivery Unit shall be evidenced by the Valid Grading Result for such Delivery Unit.
- (b) A Delivery Unit to be delivered under a Contract may be subject to one or more Allowances as specified in these terms and by the Valid Grading Result and such Allowances shall be used in the calculation of the Invoicing Amount in accordance with term 10.01.
- 4.02 A Seller shall deliver under a Contract a Delivery Unit in which not more than 20% of the beans are Slaty by count. A Delivery Unit in which:
- (a) less than or equal to 5% of the beans are Slaty by count, shall be delivered under a Contract without a Slaty Allowance; and
- (b) more than 5% of the beans are Slaty by count but less than or equal to 20% of the beans are Slaty by count, shall be delivered under a Contract subject to the Slaty discount specified by the Valid Grading Result.
- 4.03 A Seller shall deliver under a Contract a Delivery Unit in which not more than 15% of the beans are Defective by count. A Delivery Unit in which:
- (a) less than 5% of the beans are Defective by count, shall be delivered under a Contract subject to the Defective premium specified by the Valid Grading Result;
- (b) 5% of the beans are Defective by count, shall be delivered under a Contract without a Defective Allowance; and
- (c) more than 5% of the beans are Defective by count but less than or equal to 15% of the beans are Defective by count, shall be delivered under a Contract subject to the Defective discount specified by the Valid Grading Result.
- 4.04 A Seller shall deliver under a Contract a Delivery Unit which does not have more than 120 beans per 100g bean count. A Delivery Unit which is delivered with a bean count:
- (a) of less than 100 beans per 100g, shall be delivered under a Contract subject to the bean count premium specified by the Valid Grading Result;
- (b) equal to 100 beans per 100g, shall be delivered under a Contract without a bean count Allowance; and

- (c) of more than 100 beans but less than or equal to 120 beans per 100g, shall be delivered under a Contract subject to the bean count discount specified by the Valid Grading Result.
- 4.05 Subject to term 4.13, a Seller shall deliver under a Contract a Delivery Unit which does not have a Standard Deviation of the Bean Count of more than 40. A Delivery Unit which is delivered with a Standard Deviation of the Bean Count:
  - (a) of 25 or less, shall be delivered without a Standard Deviation of the Bean Count Allowance; and
  - (b) of more than 25 but less than or equal to 40, shall be delivered subject to the Standard Deviation of the Bean Count discount as specified by the Valid Grading Result.
- 4.06 (a) A Seller shall deliver under a Contract a Delivery Unit which does not have a quantity of Residue and Foreign Matter in excess of the weight specified in the Grading and Warehousekeeping Procedures applicable to the Delivery Unit and the Origin. An Allowance calculated by reference to the scale of Allowances for Residue and Foreign Matter applicable to the Origin will be determined with respect to any Residue and Foreign Matter in the Delivery Unit in accordance with the Grading and Warehousekeeping Procedures.
- (b) A Seller shall deliver under a Contract a Delivery Unit which does not have a quantity of Bean clusters in excess of the weight specified in the Grading and Warehousekeeping Procedures applicable to the Delivery Unit. An Allowance calculated by reference to the scale of Allowances for Residue and Foreign Matter referred to in the Grading and Warehousekeeping Procedures will be determined in respect of any Bean clusters in a Delivery Unit of a quantity equal to or which exceeds the applicable weight specified in, and determined in accordance with, the Grading and Warehousekeeping Procedures.
- 4.07 A Seller shall deliver under a Contract a Delivery Unit the Cocoa in which, in the opinion of the LIFFE Registered Cocoa Graders upon grading:
  - (a) does not have a smoky, hammy or other taint or smell;
  - (b) subject to term 4.06, does not contain a substance which is not inherent in Cocoa; or
  - (c) subject to terms 4.02, 4.03, 4.04, 4.05 and 4.06, is not unsound.
- 4.08 A Seller shall deliver under a Contract a Delivery Unit which exclusively contains Cocoa from a single Origin stated from time to time to be in the following Origin Groups. A Delivery Unit delivered under a Contract shall be

subject to the discount stated in respect of the following Origin Groups, or such other discount as may be prescribed by the Board from time to time.

- (a) Origin Group 1: Cocoa delivered from one of the following Origins shall not be subject to a discount: Ghana; Cote d'Ivoire; Nigeria; Sierra Leone; Togo; Cameroon; Equatorial Guinea; Democratic Republic of Congo (formerly known as Zaire); Western Samoa; Grenada Fine Estates; Trinidad & Tobago Plantation; and Jamaica.
- (b) Origin Group 2: Cocoa delivered from one of the following Origins shall be subject to a discount of £25 per tonne: Sao Tome and Principe; and Sri Lanka.
- (c) Origin Group 3: Cocoa delivered from one of the following Origins shall be subject to a discount of £50 per tonne: Brazil Bahia Superior; Brazil Vitoria Superior; Ecuador; and Papua New Guinea.
- (d) Origin Group 4: Cocoa delivered from the following Origin shall be subject to a discount of £75 per tonne: Malaysia.
- (e) Origin Group 5: Cocoa delivered from any other Origin shall be subject to a discount of £100 per tonne.

4.09 The Board may at its discretion, in respect of an Origin:

- (a) remove such Origin from, or add it to, an Origin Group;
- (b) move such Origin between Origin Groups; and
- (c) vary a discount which applies to Cocoa delivered from such Origin in an Origin Group.

Any such variation, addition or deletion shall have such effect with regard to existing or new Contracts or both as the Board may determine in its absolute discretion.

4.10 In respect of a Delivery Unit delivered under a Contract, the Origin as stated in the Bill of Lading or, if more than one Bill of Lading, each Bill of Lading in respect of Cocoa contained in the Delivery Unit, shall be prima facie evidence of the relevant Origin of such Cocoa.

4.11 A Seller shall deliver a Delivery Unit which only contains Cocoa shipped during the same Shipment Period. In respect of a Delivery Unit delivered under a Contract, the date of issue of the Bill of Lading or, if more than one Bill of Lading, each Bill of Lading in respect of Cocoa contained in the Delivery Unit, shall be prima facie evidence of the relevant Shipment Period of such Cocoa. In respect of the Shipment Period, the date of issue of the Bill of Lading shall take precedence over any other date specified in the Bill of Lading.

#### 4.12 Cocoa:

- (a) in which more than 20% of the beans are Slaty by count;
- (b) in which more than 15% of the beans are Defective by count;
- (c) which has more than 120 beans per 100g bean count;
- (d) which, subject to term 4.13, has a Standard Deviation of the Bean Count of more than 40;
- (e) which has a quantity of:
  - (i) Residue and Foreign Matter; or
  - (ii) Bean clustersin excess of the weight specified in the Grading and Warehousekeeping Procedures applicable to the Delivery Unit and, in the case of Residue and Foreign Matter, the Origin;
- (f) which does not comply with term 4.07; or
- (g) which has at any time been graded as not tenderable by LIFFE Registered Cocoa Graders under these terms,

shall not form part or all of a Delivery Unit and shall not be delivered by a Seller under a Contract. Notwithstanding term 4.12(g), if a Delivery Unit has been regraded pursuant to term 3.08 and a Valid Grading Result has been issued, Cocoa forming part or all of that Delivery Unit may be delivered by a Seller under a Contract.

#### 5. Packing and Weights

- 5.01 Subject to term 5.02, Cocoa to be delivered in a Standard or Large Delivery Unit shall be packed in sound bags in external good order and meeting the criteria prescribed by the Board from time to time.
- 5.02 Cocoa contained in a Delivery Unit which is recorded on NYSE Liffe Guardian may only be bagged, rebagged or debagged in a Warehouse in accordance with the Grading and Warehousekeeping Procedures in force at the time of such bagging, rebagging or debagging. The Exchange may, at its absolute discretion, supervise the bagging, rebagging or debagging of Cocoa contained in a Delivery Unit.
- 5.03 Each bag of Cocoa contained in a Standard or Large Delivery Unit shall not have a Gross Weight of more than 75 kilogrammes.

- 5.04 Each Delivery Unit to be delivered by a Seller under a Contract shall be invoiced in accordance with term 10.01. In term 10.01 the “Net Weight” referred to in “A” shall be calculated in accordance with this term 5.04 and shall equal:
- (a) the actual weight of a Delivery Unit as specified on the Warrant details recorded on NYSE Liffe Guardian (“Gross Weight”);
  - (b) less the weight of any samples drawn from such Delivery Unit after it was last weighed; and
  - (c) in respect of a Standard or Large Delivery Unit, less the actual tare of the Delivery Unit, to the nearest gramme, as specified on the Warrant details recorded on NYSE Liffe Guardian.
- 5.05 A Seller shall deliver under a Contract a Delivery Unit which:
- (a) in respect of a Standard Delivery Unit, has a Net Weight within a tolerance of 1.5 % above or below the weight specified in term 1.02 for a Standard Delivery Unit;
  - (b) in respect of a Large Delivery Unit, has a Net Weight within a tolerance of 1.5 % above or 1.0% below the weight specified in term 1.02 for a Large Delivery Unit; or
  - (c) in respect of a Bulk Delivery Unit, has a Net Weight within a tolerance of 1.5% above or 0.5% below the weight specified in term 1.02 for a Bulk Delivery Unit.

For the avoidance of doubt, the Buyer shall not reject a Delivery Unit for not being delivered at the Contract weight, provided it is delivered within the tolerance band for such Delivery Unit as specified in this term 5.05.

- 5.06 A Seller shall only deliver a Standard or Large Delivery Unit under a Contract if the Tender in respect of such Delivery Unit is delivered in accordance with these terms on a day which is not more than thirty-six months after the last day of the month in which the Delivery Unit was last weighed. If the Tender is delivered more than six months, but less than thirty-six months, after the last day of the month in which the Delivery Unit was last weighed, the Seller shall accept a deduction from the Contract price of a sum equal to 0.25% of the EDSP for the relevant Delivery Month, per tonne Net Weight for every additional period of six months or part thereof from the date the Delivery Unit was last weighed, subject to a maximum deduction of 1.25%.
- 5.07 A Delivery Unit shall be weighed or reweighed in a Warehouse in accordance with the Grading and Warehousekeeping Procedures in force at the time of such weighing or reweighing.

6. Price

6.01 The Contract price shall be expressed in Pounds per tonne.

6.02 Subject to any other Allowances specified in these terms or by the Valid Grading Result for a Delivery Unit:

(a) a Standard Delivery Unit or a Large Delivery Unit delivered under a Contract shall not be subject to a discount; and

(b) a Bulk Delivery Unit delivered under a Contract shall be subject to a Bulk Delivery Unit discount of £20 per tonne to the Contract price.

6.03 Notwithstanding term 15.09(b), the Seller shall pay all Rent and Fumigation Charges up to and including the Settlement Day, except in respect of a Nominated Bulk Delivery Unit, in which case all Rent and Fumigation Charges shall be paid up to the Conversion Settlement Day or the Extended Conversion Settlement Day, as the case may be. Any Rent and Fumigation Charges paid by the Seller beyond the relevant Settlement Day shall be borne by the Seller and not the Buyer.

7. Import Duty

7.01 Subject to term 7.03, a Seller may deliver Cocoa qualifying on account of its Origin for a nil or reduced rate of import duty ("Preferential Rate of Import Duty"), if:

(a) sufficient documentation has been lodged with the appropriate authorities to enable the Buyer to take delivery of Cocoa contained in a Delivery Unit at a Preferential Rate of Import Duty in the country of importation ("Import Duty Documentation"); or

(b) the Preferential Rate of Import Duty has been paid.

7.02 A Seller shall deliver Cocoa which does not qualify for a Preferential Rate of Import Duty under term 7.01 as either:

(a) import duty unpaid, and any duty will be payable by the Buyer; or

(b) import duty paid, and any duty paid or payable will be borne by the Seller.

7.03 The CSP may, at its absolute discretion, request the Seller to provide to the CSP evidence that paragraph (a) or (b) of term 7.01 has been complied with ("Evidence of Import Duty"). The Evidence of Import Duty shall be in the form required by the CSP in its absolute discretion from time to time. If the Seller fails to provide satisfactory Evidence of Import Duty to the CSP which will entitle the Buyer to claim a Preferential Rate of Import Duty in the country of

importation, the Cocoa contained in the Delivery Unit shall be delivered by the Seller as either import duty unpaid or paid in accordance with term 7.02.

7.04 Each Delivery Unit recorded on NYSE Liffe Guardian shall state:

- (a) if Cocoa contained in a Delivery Unit is subject to either a Preferential Rate of Import Duty or a non-Preferential Rate of Import Duty; and
- (b) in respect of Cocoa which is subject to a Preferential Rate of Import Duty, if either Import Duty Documentation has been lodged with and accepted by the appropriate authorities or the Preferential Rate of Import Duty has been paid.

7.05 No adjustment shall be made to the Contract price on account of:

- (a) any difference between Preferential Rates of Import Duty and non-Preferential Rates of Import Duty; or
- (b) payment or non-payment, as the case may be, of import duty in respect of Cocoa delivered under a Contract.

## 8. Last Trading Day

8.01 On the Last Trading Day:

- (a) trading in Contracts for the relevant Delivery Month shall cease at such time as may be specified for that purpose in the Administrative Procedures; and
- (b) the Exchange will calculate the EDSP for such Contracts in accordance with term 9.

## 9. Exchange Delivery Settlement Price ("EDSP")

9.01 Paragraphs (a), (b) and (c) of this term 9.01 are subject to term 9.02. The EDSP for Contracts for a particular Delivery Month shall be calculated by exchange officials on the Last Trading Day as follows:

- (a) if (as far as reasonably ascertainable) one or more Contracts for that Delivery Month has been made in the pit on the Last Trading Day during the period specified for this purpose in the Administrative Procedures, then:
  - (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or



- (ii) if more than one Contract has been made, the EDSP shall be the average rounded down to the nearest pound of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of Lots (as far as reasonably ascertainable) comprised in each such Contract;
  - (b) if (as far as reasonably ascertainable) on the Last Trading Day, during the period specified for this purpose in the Administrative Procedures, no Contract for that Delivery Month has been made in the pit but both an offer (or offers) and a bid (or bids) have been made in the pit in respect of a Contract (or Contracts) for that Delivery Month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price (as far as reasonably ascertainable) at which such a bid was made and such average shall be rounded down to the nearest pound;
  - (c) if (as far as reasonably ascertainable) on the Last Trading Day, during the period specified for this purpose in the Administrative Procedures, no Contract for that Delivery Month has been made in the pit and either no offer or no bid has been made in the pit in respect of a Contract (or Contracts) for that Delivery Month, then exchange officials shall determine the EDSP by reference inter alia to the price at which any offer or bid, as the case may be, in respect of a Contract for that Delivery Month was made in the pit during such period on such day; or
  - (d) if (as far as reasonably ascertainable) on the Last Trading Day, during the period specified for this purpose in the Administrative Procedures, no Contract for that Delivery Month has been made in the pit and neither an offer nor a bid have been made in the pit in respect of a Contract (or Contracts) for that Delivery Month, then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for the Delivery Month and period referred to in paragraphs 9.02(a) and (b) below and, if necessary, rounded down to the nearest pound.
- 9.02 If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with term 9.01(a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for:
- (a) the relevant Delivery Month prior to the applicable period referred to in term 9.01(a), (b) or (c), as the case may be; or
  - (b) any other Delivery Month during the applicable period referred to in term 9.01(a), (b) or (c), as the case may be,

then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the Delivery Month and period referred to in paragraphs (a) or (b) above, and, if necessary, rounded down to the nearest pound.

- 9.03 The Exchange shall publish the EDSP by the time specified for that purpose in the Administrative Procedures. The EDSP shall be final and binding for all purposes.

10. Invoicing Amount

- 10.01 Subject to term 10.02, the “Invoicing Amount” in respect of each Delivery Unit to be delivered under a Contract shall be a sum calculated in accordance with the formula:

$$((\text{Contract weight} + A) \times (\text{EDSP} + B)) + C$$

where:

EDSP = the EDSP for the Delivery Month.

A = the Net Weight less the Contract weight.

B = any Allowances made in accordance with terms 4, 5.06 and 6.02(b) and the Rules.

C = any Allowance made under term 15.09.

- 10.02 Where the sum calculated in accordance with term 10.01 is not a number of Pounds and whole pence, if such sum is:

- (a) less than a number of Pounds, pence and a whole half penny, such sum shall be rounded down to the nearest sum which is a number of Pounds and whole pence; and
- (b) equal to or more than a number of Pounds, pence and a whole half penny, such sum shall be rounded up to the nearest sum which is a number of Pounds and whole pence,

and the Invoicing Amount shall be such nearest sum.

- 10.03 In respect of a registered Contract, the final Invoicing Amount in respect of a Delivery Unit shall be paid by or to the CSP (as the case may require) in accordance with terms 16.01 and 16.06 and the Administrative Procedures.

11. Settlement Payments

11.01 In respect of each Lot referred to in a Seller's Delivery Notice, in addition to any other payment required by these terms, the following payments shall be made by the time specified for that purpose in the Administrative Procedures:

- (a) where the EDSP exceeds the Contract price, payment by the Seller to the CSP or payment by the CSP to the Buyer, or both (as the case may require); and
- (b) where the Contract price exceeds the EDSP, payment by the Buyer to the CSP or payment by the CSP to the Seller, or both (as the case may require),

of an amount calculated as the difference, in Pounds multiplied by 10 in respect of each Lot, between the EDSP and the Contract price.

12. Seller's Delivery Notice and Notifications to Seller

12.01 A Seller in whose name are registered by the Exchange, or who intends to submit or has submitted to the Exchange for registration, one or more Contracts shall have given to the Exchange a Seller's Delivery Notice in respect of each Lot comprised in such Contracts not later than the time on the Notice Day specified for that purpose in the Administrative Procedures.

12.02 A Seller's Delivery Notice shall be presented to the Exchange by the Seller by such means and in a form prescribed from time to time by the Exchange. The Seller's Delivery Notice shall in respect of each Delivery Unit to be delivered by the Seller specify the information set out in the Administrative Procedures and such other information as the Exchange may prescribe from time to time.

12.03 By the time specified for that purpose in the Administrative Procedures on the Notice Day, the Exchange may in respect of any Bulk or Large Delivery Units specified in the Seller's Delivery Notice, direct the Seller to convert one or more Large Delivery Units into Standard Delivery Units or one or more Bulk Delivery Units into Large or Standard Delivery Units or both. The Exchange shall notify the CSP of any direction made under this term 12.03.

12.04 If the Exchange has made a direction pursuant to term 12.03, the Seller shall, by the time specified for that purpose in the Administrative Procedures on the first Business Day immediately following the Notice Day, notify the Exchange by such means and in a form from time to time prescribed by the Exchange that it shall comply with such direction by:

- (a) converting the Delivery Unit specified in the Seller's Delivery Notice in respect of which such direction was made and shall promptly instruct the Warehousekeeper to undertake such conversion; or

- (b) converting one or more other Delivery Units as determined by the Seller, specifying the relevant details of each such Delivery Unit, provided that each such Delivery Unit:
  - (i) in aggregate, is of an amount of Cocoa to enable the Seller to fulfil its delivery obligations under the relevant Lots;
  - (ii) complies with term 3.02;
  - (iii) if not of the same size as the Delivery Unit in respect of which such direction was made, is of a size acceptable to the Exchange, as determined in its absolute discretion, to facilitate delivery by the Exchange of the relevant Lots; and
  - (iv) if it is the same size as the Delivery Unit in respect of which such direction was made, does not have one or more discounts to the Contract price in respect of the quality or condition as specified by the Valid Grading Result which is greater than any discount awarded in respect of the same category of quality or condition for the Delivery Unit specified in the Seller's Delivery Notice in respect of which such direction was made,

and shall promptly instruct the Warehousekeeper to undertake such conversion; or:

- (c) substituting the Delivery Unit specified in the Seller's Delivery Notice in respect of which such direction was made with such other Delivery Units as determined by the Seller, specifying the relevant details of each such Delivery Unit, provided that each such Delivery Unit:
  - (i) in aggregate, is of an amount of Cocoa to enable the Seller to fulfil its delivery obligations under the relevant Lots;
  - (ii) complies with term 3.02; and
  - (iii) if not of a size required by the Exchange as specified in its discretion, is of a size acceptable to the Exchange, as determined in its absolute discretion, to facilitate delivery by the CSP of the relevant Lots.

If the Seller makes a notification under term 12.04(b) or (c), the Seller shall in respect of each Delivery Unit to be delivered by the Seller give to the Exchange the information set out in the Administrative Procedures and such other information as the Exchange may prescribe from time to time.

12.05 If the Seller has made a notification to the Exchange under term 12.04(a) or (b), the Seller shall, as applicable:

- (a) convert each Nominated Large Delivery Unit in accordance with term 14 and deliver each Converted Delivery Unit on the Settlement Day in accordance with term 16.02(a); and
  - (b) convert each Nominated Bulk Delivery Unit in accordance with term 15 and deliver each Converted Delivery Unit on the Conversion Settlement Day or the Extended Conversion Settlement Day, as the case may be, in accordance with term 16.02(b).
- 12.06 A Seller shall not remove, substitute or vary a Tender, or any of its terms, after the time on the relevant Day specified in the Administrative Procedures for delivery of the Tender to the CSP, unless:
  - (a) the Seller has obtained the prior consent of the Exchange, the Exchange has obtained the Buyer's prior written consent in respect of any Lots referred to in the Tender which have been allocated to such Buyer under term 13.04 and the Seller has notified the Exchange of the proposed removal, substitution or variation;
  - (b) the Seller makes a notification to the Exchange under term 12.04; or
  - (c) the Seller is directed by the Exchange to make a substitution of the Tender, or any of its terms.
- 12.07 The Exchange shall not be obliged to accept a Tender in respect of one or more Lots, unless:
  - (a) the Tender complies with terms 12.02, 12.04 and 12.06, as applicable; and
  - (b) the Seller is able to present such other documents or information in respect of such Lots or the Delivery Units to be delivered in respect of such Lots, as may be required by the Exchange under term 12.06.
- 12.08 By the time specified for that purpose in the Administrative Procedures on the first Business Day immediately following the Notice Day, the Exchange shall make available to the Seller:
  - (a) details of the final Invoicing Amount payable to the Seller by the CSP in respect of each Delivery Unit to be delivered by the Seller, other than a Nominated Delivery Unit; and
  - (b) details of the provisional Invoicing Amount payable to the Seller by the CSP in respect of each Converted Delivery Unit to be delivered by the Seller which is formed upon the conversion of a Nominated Delivery Unit.
- 13. Buyer's Notification and Allocation and Notifications to Buyers

- 13.01 A Buyer in whose name the Goods are registered by the Exchange, or who intends to submit or has submitted to the Exchange for registration, one or more Contracts shall have given to the Exchange a Buyer's Position Notice in respect of each Lot comprised in such Contracts not later than the time on the Notice Day specified for that purpose in the Administrative Procedures.
- 13.02 A Buyer's Position Notice shall be presented to the Exchange by the Buyer by such means and in a form prescribed from time to time by the Exchange. The Buyer's Position Notice shall in respect of one or more Contracts specify the number of Lots to be delivered by the CSP to the Buyer, and by the Buyer to each of its underlying clients, and such other information as the Exchange may prescribe from time to time.
- 13.03 A Buyer shall not remove, substitute or vary a Buyer's Position Notice, or any of its terms, after the time on the Notice Day specified in the Administrative Procedures for delivery of the Buyer's Position Notice to the Exchange, without the Exchange's prior consent.
- 13.04 (a) In respect of registered Contracts, the Exchange will, not later than the time on the first Business Day after the Notice Day specified for that purpose in the Administrative Procedures, allocate to a clearing member registered as a Buyer one or more Delivery Units referred to in a Tender in respect of each Lot to be delivered to it by the CSP and by such method of allocation as may be specified in the CSP Procedures.
- (b) The allocation to a Buyer of any Converted Delivery Unit under paragraph (a) of this term 13.04 will be a provisional allocation and the Exchange shall confirm to the Buyer, in accordance with term 14.06(b) and 15.08(b), as applicable, the final allocation of the Converted Delivery Units to be delivered by the CSP.
- 13.05 The Buyer shall accept the allocation of each Delivery Unit made by the Exchange under term 13.04 and under terms 14.06(b) or 15.08(b), as applicable, notwithstanding that such allocation may not reflect either the requirements of the Buyer, or any of the Buyer's underlying clients, or the information provided by the Buyer to the Exchange in the Buyer's Position Notice.
- 13.06 By the time specified for that purpose in the Administrative Procedures on the first Business Day immediately following the Notice Day, the Exchange shall make available to the Buyer:
- (a) details of the final Invoicing Amount payable by the Buyer to the CSP in respect of each Delivery Unit allocated to the Buyer, other than a Delivery Unit to be converted from a Nominated Delivery Unit; and
- (b) details of the provisional Invoicing Amount payable by the Buyer to the CSP in respect of each Converted Delivery Unit to be converted from a

Nominated Delivery Unit which has been provisionally allocated to the Buyer.

- 13.07 The Buyer acknowledges and agrees that any information provided by the Exchange pursuant to terms 13.04 or 13.06(b) may be amended from time to time by the Exchange under terms 14.06(b) and 15.08(b).

14. Conversion of Nominated Large Delivery Units and Final Allocation

- 14.01 This term 14 shall apply to each Nominated Large Delivery Unit in respect of which the Seller has made a notification to the Exchange under term 12.04(a) or (b) and each Converted Delivery Unit formed upon conversion of such Nominated Large Delivery Unit.

- 14.02 A Seller shall convert a Nominated Large Delivery Unit in accordance with this term 14 and the Grading and Warehousekeeping Procedures in force at the time of delivery. The costs of converting such Delivery Unit shall be borne by the Seller. The Exchange may, at its absolute discretion, supervise the conversion of a Nominated Large Delivery Unit.

- 14.03 Upon conversion of a Nominated Large Delivery Unit:

- (a) its Valid Grading Result shall, subject to term 16.11, apply to each Converted Delivery Unit; and
- (b) each Converted Delivery Unit shall be weighed and issued with a new Warrant by the Warehousekeeper in accordance with the Grading and Warehousekeeping Procedures in force at the time of delivery.

- 14.04 By the time specified for that purpose in the Administrative Procedures on the first Business Day immediately prior to the Settlement Day, the Seller shall have:

- (a) completed the conversion of each Nominated Large Delivery Unit;
- (b) complied with term 14.03(b) in respect of each Converted Delivery Unit and ensure that such Converted Delivery Unit has a Net Weight within the tolerance specified in term 5.05(a);
- (c) presented a notice to the Exchange by such means and in a form from time to time prescribed by the Exchange, specifying in respect of each Converted Delivery Unit the information set out in the Administrative Procedures and such other information as the Exchange may require from time to time; and
- (d) requested the Warehousekeeper to record on NYSE Liffe Guardian the Warrant number for, and weight details of, each Converted Delivery Unit

together with such other information as the Exchange or the CSP may require the Warehousekeeper to provide from time to time.

14.05 The Seller shall deliver on the Settlement Day each Converted Delivery Unit in respect of which the Seller has complied with term 14.04. If the Seller has not complied with term 14.04 in respect of any Converted Delivery Unit, the Seller shall be deemed to be in Default in Performance of its obligations under term 18 entitling the CSP to take such steps as it deems appropriate under any of the provisions of term 18 including, without limitation, under term 18.05(a).

14.06 The Exchange shall, by the time specified for that purpose in the Administrative Procedures on the first Business Day immediately prior to the Settlement Day make available to:

- (a) the Seller, in respect of each Converted Delivery Unit to be delivered by the Seller, details of the final Invoicing Amount payable to the Seller in respect of each such Converted Delivery Unit; and
- (b) the Buyer, confirmation of the final allocation of the Converted Delivery Units derived from one or more Nominated Large Delivery Units to be delivered to it and details of the final Invoicing Amount payable by the Buyer in respect of each such Converted Delivery Unit.

15. Conversion of Nominated Bulk Delivery Units and Final Allocation

15.01 This term 15 shall apply to each Nominated Bulk Delivery Unit in respect of which the Seller has made a notification to the Exchange under term 12.04(a) or (b) and each Converted Delivery Unit formed upon conversion of such Nominated Bulk Delivery Unit.

15.02 A Seller shall convert a Nominated Bulk Delivery Unit in accordance with this term 15 and the Grading and Warehousekeeping Procedures in force at the time of delivery. The costs of converting such Delivery Unit shall be borne by the Seller. The Exchange may, at its absolute discretion, supervise the conversion of a Nominated Bulk Delivery Unit.

15.03 Upon conversion of a Nominated Bulk Delivery Unit:

- (a) its Valid Grading Result shall, subject to term 16.11, apply to each Converted Delivery Unit; and
- (b) each Converted Delivery Unit shall be weighed and issued with a new Warrant by the Warehousekeeper in accordance with the Grading and Warehousekeeping Procedures in force at the time of delivery.

15.04 By the time specified for that purpose in the Administrative Procedures on the first Business Day immediately prior to the Conversion Settlement Day, the Seller shall have:



- (a) completed the conversion of each Nominated Bulk Delivery Unit;
- (b) complied with term 15.03(b) in respect of each Converted Delivery Unit and ensure that such Converted Delivery Unit has a Net Weight within the tolerance specified in term 5.05(a) or (b), as the case may be;
- (c) presented a notice to the Exchange by such means and in a form from time to time prescribed by the Exchange, specifying in respect of each Converted Delivery Unit the information set out in the Administrative Procedures and such other information as the Exchange may require from time to time; and
- (d) requested the Warehousekeeper to record on NYSE Liffe Guardian the Warrant number for, and weight details of, each Converted Delivery Unit together with such other information as the Exchange or the CSP may require the Warehousekeeper to provide from time to time.

15.05 The Seller shall notify the Exchange by such means and in a form from time to time prescribed by the Exchange as soon as the Seller becomes aware that it is, or is likely to be, unable to comply with term 15.04. Such notice shall not be provided later than the time specified for that purpose in the Administrative Procedures on the first Business Day immediately prior to the Conversion Settlement Day. The Seller shall specify in such notice the circumstances and reason for non-compliance with term 15.04, an estimate of the date when the Seller will comply with such term, the number of Lots affected and such other information as the Exchange may require from time to time. The Exchange shall immediately notify the Buyer and the CSP upon receiving a notice under this term 15.05.

15.06 If upon receiving a notification under term 15.05, the Exchange and the CSP determine in their absolute discretion that the Seller is unable to comply with term 15.04:

- (a) due to an event occurring which is beyond the reasonable control of the Seller or the Warehousekeeper, as the case may be, which without prejudice to the foregoing, may include the unavailability or breakdown of machinery used to convert the Nominated Delivery Unit or the unavailability of bags meeting the criteria prescribed by the Exchange from time to time, the Exchange and the CSP shall determine in their absolute discretion whether to move the Conversion Settlement Day to ten Business Days immediately following the Conversion Settlement Day (“Extended Conversion Settlement Day”) to enable the Seller to comply with term 15.04 by the time specified for that purpose in the Administrative Procedures on the first Business Day immediately prior to the Extended Conversion Settlement Day; or

- (b) due to an event occurring which does not fall within term 15.06(a) above, the Seller shall:
  - (i) deliver on the Conversion Settlement Day Converted Delivery Units which comply with term 15.04; and
  - (ii) in relation to those Lots in respect of which the Seller is unable to deliver Converted Delivery Units, be deemed to be in Default in Performance of its obligations under term 18 entitling the CSP to take such steps as it deems appropriate under any of the provisions of term 18 including, without limitation, term 18.05(a).

The Exchange shall notify the Seller and the Buyer of any determination made under this term 15.06.

15.07 By the time specified for that purpose in the Administrative Procedures on the first Business Day immediately prior to the Extended Conversion Settlement Day:

- (a) the Seller shall have complied with term 15.04; and
- (b) if the Seller has not complied fully with term 15.04:
  - (i) the Seller shall deliver on the Extended Conversion Settlement Day Converted Delivery Units which comply with term 15.04; and
  - (ii) in respect of any Converted Delivery Unit which does not comply with term 15.04, the CSP may:
    - (A) in its absolute discretion take such steps as it deems appropriate under any of the provisions of term 18 including, without limitation, term 18.05(a); or
    - (B) if the Seller is unable to comply with its obligations under term 15.04 due to an event of force majeure under term 20.01, take such steps as it deems appropriate to facilitate a mutually acceptable arrangement between the parties, which may be on such terms and take such form as is acceptable to the CSP, the Seller and the Buyer, and in the absence of such an arrangement, shall refer the matter to the Board for its determination which shall be made in accordance with term 20.05.

15.08 The Exchange shall, by the time specified for that purpose in the Administrative Procedures on the first Business Day immediately prior to the Conversion Settlement Day or on the first Business Day immediately prior to the Extended Conversion Settlement Day, as the case may be, make available to:

- (a) the Seller details of the final Invoicing Amount payable to the Seller in respect of each Converted Delivery Unit which complies with terms 15.04 and 5.05 (a) or (b), as the case may be, to be delivered by the Seller and; and
- (b) the Buyer, confirmation of the final allocation of Converted Delivery Units derived from Nominated Bulk Delivery Units to be delivered to it on the Conversion Settlement Day or the Extended Conversion Settlement Day and details of the final Invoicing Amount payable by the Buyer in respect each such Converted Delivery Unit.

15.09 The Buyer shall pay a premium on the Contract of a sum equal to:

- (a) the Interest Rate multiplied by the EDSP for the relevant Delivery Month per tonne Net Weight in respect of each Converted Delivery Unit to be delivered to it for each day after the Settlement Day up to and including the Conversion Settlement Day or the Extended Conversion Settlement Day, as the case may be; and
- (b) the daily rate per tonne of the Gross Weight of each Converted Delivery Unit in respect of all Rent and Fumigation Charges, in an amount determined by the Board from time to time, which have been paid from the Settlement Day up to and including the Conversion Settlement Day or the Extended Conversion Settlement Day, as the case may be.

15.10 The Seller and the Buyer shall comply with any instructions and determination made by the CSP, the Exchange or the Board, as the case may be, under this term 15. In the case of any disagreement between the Exchange and the Seller as to whether the Seller can comply with term 15.04 within such time as the Exchange may specify, the determination of the Exchange shall be final.

16. Delivery

- 16.01 No later than the time specified for that purpose in the Administrative Procedures, the Buyer shall make payment to the CSP of the final Invoicing Amount:
- (a) on the Settlement Day in respect of each Delivery Unit allocated to the Buyer, other than a Delivery Unit to be converted from a Nominated Bulk Delivery Unit, in accordance with these terms and the Regulations; and
  - (b) on the Conversion Settlement Day or on the Extended Conversion Settlement Day, as the case may be, in respect of each Converted Delivery Unit formed upon the conversion of a Nominated Bulk Delivery Unit allocated to the Buyer in accordance with these terms and the Regulations.

Payment is to be made without prejudice to the reference of any claim or dispute to arbitration.

- 16.02 The Seller shall ensure that the Warrant details recorded on NYSE Liffe Guardian in respect of each Delivery Unit are accurate and complete in all respects.
- 16.03 Notwithstanding term 15.09(b), Rent and Fumigation Charges in respect of each Delivery Unit shall be paid by the Seller in accordance with term 6.03.
- 16.04 The Seller shall represent and warrant to the Buyer that each Delivery Unit delivered by the Seller is free from any security interest, lien or encumbrance. The Seller shall indemnify the Buyer on demand against each loss, liability and cost which the Buyer incurs or suffers arising out of any claim, made or action brought or threatened alleging infringement of the rights of any third party in respect of any Delivery Unit delivered by the Seller under a Contract.
- 16.05 For the avoidance of doubt, notwithstanding that the CSP is not recorded as the owner of a Delivery Unit on NYSE Liffe Guardian, it is the buyer to the Seller and the seller to the Buyer in the process of transferring ownership of the Delivery Unit.
- 16.06 No later than the time specified for that purpose in the Administrative Procedures, the CSP shall make payment to the Seller of the final Invoicing Amount, at which point the Seller will be deemed to have transferred the Delivery Unit to the CSP:
- (a) on the Settlement Day in respect of each Delivery Unit delivered by the Seller, other than a Delivery Unit to be converted from a Nominated

Bulk Delivery Unit, in accordance with these terms and the Regulations;  
and

- (b) on the Conversion Settlement Day or on the Extended Conversion Settlement Day, as the case may be, in respect of each Converted Delivery Unit formed upon the conversion of a Nominated Bulk Delivery Unit delivered by the Seller in accordance with these terms and the Regulations.

16.07 No later than the time specified for that purpose in the Administrative Procedures, if the Buyer has paid the final Invoicing Amount in respect of a Delivery Unit, the records on NYSE Liffe Guardian will be updated to reflect the change in ownership from Seller to Buyer in respect of such Delivery Unit, at which point the Buyer will be deemed to have taken up the Delivery Unit from the CSP:

- (a) on the Settlement Day in respect of each Delivery Unit allocated to the Buyer, other than a Delivery Unit to be converted from a Nominated Bulk Delivery Unit; or
- (b) on the Conversion Settlement Day or the Extended Conversion Settlement Day, as the case may be, in respect of each Converted Delivery Unit formed upon the conversion of a Nominated Bulk Delivery Unit allocated to the Buyer,

in accordance with these terms and the Regulations. Each Warrant is to be taken up by the Buyer without prejudice to the reference of any claim or dispute to arbitration. The CSP is under no obligation to effect delivery if the Buyer has not paid the final Invoicing Amount in respect of the Delivery Unit which is the subject of the Warrant.

16.08 Without prejudice to any steps taken by the CSP under term 18, if payment is not made by the time and on the day prescribed for that purpose in the Administrative Procedures, the CSP may sell the Delivery Unit in respect of which payment has not been made. Any surplus or deficit resulting from such sale, with an account for interest and the costs of sale, shall be settled with the CSP forthwith.

16.09 A Buyer shall (for all purposes, including the making of any claim for damages) be deemed to have accepted a Delivery Unit delivered under this term 16, by the time stipulated in the Administrative Procedures on the Business Day which:

- (a) in respect of each Delivery Unit other than a Delivery Unit to be converted from a Nominated Bulk Delivery Unit, is the tenth Business Day immediately after the Settlement Day; or
- (b) in respect of each Converted Delivery Unit formed upon the conversion of a Nominated Bulk Delivery Unit, is the seventh Business Day

immediately after the Conversion Settlement Day or the Extended Conversion Settlement Day, as the case may be,

(each date being referred to as the "Acceptance Date") unless the Buyer has, not later than the time stipulated in the Administrative Procedures on the relevant Acceptance Date, given notice to the Exchange and the CSP in accordance with term 23 and in a form published by the Exchange by Notice from time to time that the Buyer claims that the Delivery Unit does not comply with the terms of the Contract, stating in what respects the Delivery Unit is said not to comply and whether the Buyer also claims to reject the Delivery Unit. The Exchange will notify the Seller of the Buyer's notification. If the Buyer has not so notified the Exchange and the CSP by such time, then any claim by the Buyer of any nature whatsoever in respect of the Delivery Unit shall be deemed to have been waived and absolutely barred.

- 16.10 Without prejudice to the provisions of terms 16.04 and 18, a failure by the Seller or Buyer to comply with its obligations under any of the provisions of terms 12, 13, 14, 15 and 16, as the case may be, shall constitute a Default in Performance entitling the CSP forthwith to take steps under any of the provisions of term 18. Any action taken by the CSP shall be without prejudice to any rights, obligations or claims of the Seller or the Buyer or the CSP and any costs, claims, losses, taxes or expenses of whatsoever nature incurred or suffered by the CSP in connection with such action shall be paid by the Seller or by the Buyer in Default in Performance.

17. Property and Risk

- 17.01 Property and risk in respect of a Delivery Unit delivered under a registered Contract will pass:

- (a) from the Seller to the CSP as Buyer, once the following has been effected:
  - (i) the deemed transfer by the Seller of the Warrant in respect of such Delivery Unit to the CSP; and
  - (ii) the payment by the CSP of the final Invoicing Amount in respect of such Delivery Unit in same day or immediately available, freely transferable, cleared funds; and
- (b) from the CSP as Seller to the Buyer, once the following has been effected:
  - (i) the payment by the Buyer of the final Invoicing Amount in respect of such Delivery Unit to the CSP in respect of such Delivery Unit in same day or immediately available, freely transferable, cleared funds; and

- (ii) the deemed take up of the Warrant in respect of such Delivery Unit by the Buyer.

17.02 In the event of the Buyer acquiring under term 17.01 a Delivery Unit which forms part of an identified bulk of Cocoa, the Buyer will acquire proprietary rights in an undivided share in the identified bulk of Cocoa as set out in section 20A of the Sale of Goods Act 1979.

18. Default in Performance

18.01 The provisions of this term 18 shall be subject to the default rules from time to time in force of the CSP.

18.02 For the purposes of this term 18, a reference to a “Default in Performance” shall, subject to term 18.04, be construed as including an actual failure by a Seller or a Buyer under term 18.03 in performing its obligations under a Contract, or an anticipated failure. An anticipated failure is one which the CSP, in its reasonable opinion, thinks will occur and in respect of which the CSP considers that it should take action under the provisions of this term 18.

18.03 A Buyer or a Seller shall be in Default in Performance where:

- (a) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed in accordance with these terms, the Rules and the Administrative Procedures and the Regulations;
- (b) he fails to pay any sum due to the CSP in respect of a registered Contract by the time specified for that purpose in the Administrative Procedures;  
or
- (c) in the reasonable opinion of the CSP, he is in Default in Performance.

18.04 Errors in a notice, which are determined in the CSP’s absolute discretion to be clerical errors which can be readily rectified and are rectified, shall not be treated as constituting a Default in Performance.

18.05 Subject to terms 18.06(b) and 18.10, if it appears to the CSP that a Seller or a Buyer is in Default in Performance under a registered Contract, the CSP shall notify the Exchange of the Default in Performance and may, in its absolute discretion:

- (a) take such steps as it deems appropriate to facilitate a mutually acceptable resolution of the Default in Performance. A resolution of a Default in Performance may be on such terms and take such form as is acceptable to the CSP, to the Seller and to the Buyer. Such terms may limit some or all of the rights of the Seller, the Buyer or the CSP to refer any matter concerning or arising out of a Default in Performance (or the resolution thereof) to arbitration under term 23;

- (b) without prejudice to any of its other rights under this term 18, refer to the Board any dispute or issue arising between any of the parties. If upon such reference, the Board is of the opinion that the Default in Performance is of minor significance it shall determine any such dispute or issue between such parties upon such evidence as it may deem relevant and convey its findings to such parties who shall forthwith accept such determination and shall implement its terms without question, provided that such acceptance and implementation shall be without prejudice to the right of any party to refer the dispute or any related dispute to arbitration under term 23; or
- (c) take any steps whatsoever which may appear desirable to the CSP for the protection of the CSP or of the Seller or Buyer not in Default in Performance including, without prejudice to the generality of the foregoing, any steps in order to perform its obligations to a party under a registered Contract.

18.06 If, within five Business Days of the Default in Performance having come to the attention of the CSP:

- (a) the steps taken by the CSP have not led or are not likely to lead to a resolution of the Default in Performance; or
- (b) the CSP has not taken any steps and the Default in Performance remains unresolved,

the CSP will refer the matter to the Board. If upon reference of the dispute or issue to the Board, the Board is of the opinion that the Default in Performance may not be determined by the Board in accordance with term 18.05(b), then each Lot of Cocoa the subject of the dispute or issue shall be the subject of cash settlement at a price fixed by the Board in consultation with the CSP. The price may at the Board's absolute discretion take account of any compensation that the Board may consider, on the evidence before it, should be paid by either party to the other.

18.07 Any cash settlement price fixed under term 18.06 shall be binding on the parties. No dispute as to the price may be referred to arbitration but the completion of cash settlement shall be without prejudice to the right of either party to refer the dispute or issue between them to arbitration under term 23.

18.08 Any costs, claims, losses, taxes or expenses of whatsoever nature suffered or incurred by the CSP in connection with any steps taken by the CSP in relation to a Contract to which the Default in Performance relates shall be paid by the Buyer or Seller who is in Default in Performance. Any steps taken by the CSP in relation to a Default in Performance shall be without prejudice to any rights (including rights to refer matters to arbitration under term 23), obligations or claims of the Buyer, the Seller or the CSP in relation to a Contract to which the Default in Performance relates.



- 18.09 A Buyer or Seller who is in Default in Performance under this term 18, shall forthwith pay to the CSP any sums payable by him under term 11 and any sums payable pursuant to this term 18.
- 18.10 Notwithstanding that a Buyer or Seller may be in Default in Performance under this term 18, the CSP may in its absolute discretion determine not to exercise or to delay in exercising any of its rights under this term 18, and no failure by the CSP to exercise nor any delay on its part in exercising any of such rights shall operate as a waiver of the CSP's rights upon that or any subsequent occasion, nor shall any single or partial exercise of any such rights prevent any further exercise thereof or of any other right.
- 18.11 A Buyer, a Seller or the CSP may refer a dispute or issue arising out of a Default in Performance under this term 18 (subject always to the application of provisions of terms 18.05, 18.06 and 18.07) to arbitration under term 23.
- 18.12 The provisions of this term 18 relating to steps that may be taken by the CSP, where there appears to the CSP to be a Default in Performance by a party to a registered Contract, may be varied, or different steps may be substituted therefor by the Board from time to time. Any such variation or substitution shall have such effect with regard to such existing and/or new Contracts and registered Contracts as the Board may determine.
19. Emergency Provisions
- 19.01 If, at any time after the close of trading two Business Days prior to the day which would have been the Last Trading Day in respect of a Delivery Month, it becomes known to the Exchange that the day which would have been the Last Trading Day will not be a Business Day, then the Board may at its discretion determine that the Business Day next following such day shall become the Last Trading Day in respect of that Delivery Month and the Exchange shall publish the Board's determination by Notice.
- 19.02 The Notice Day shall be the Business Day immediately following the Last Trading Day so that if the Last Trading Day is moved by the Board in the circumstances described in term 19.01, then the Notice Day shall be moved so that it falls on the Business Day immediately following the Last Trading Day.
- 19.03 The Settlement Day shall be the last Business Day in the relevant Delivery Month. If, at any time after two Business Days prior to the day which would have been the Settlement Day in respect of a Delivery Month, it becomes known to the Exchange that the day which would have been the Settlement Day will not be a Business Day, then the Board may at its discretion determine that the Business Day next following such day shall become the Settlement Day in respect of that Delivery Month, and the Exchange shall publish the Board's determination by Notice.

- 19.04 If the Settlement Day, Conversion Settlement Day or the Extended Conversion Settlement Day is moved by the Board (whether as a result of the operation of term 19.03 or otherwise), the Invoicing Amount calculated in accordance with term 10 shall be adjusted by the CSP to reflect any Allowance made under term 15.09 to reflect such new Day.
- 19.05 If an adjustment to the Invoicing Amount is required by term 19.04 after the Exchange has made available details of the final Invoicing Amount to the Seller and Buyer under terms 12.08(a), 13.06(a), 14.06(b) and 15.08, as the case may be, then a sum equal to the difference between that Invoicing Amount and the Invoicing Amount adjusted under term 19.04 shall be payable:
- (a) by the Seller to the CSP and by the CSP to the Buyer if the total adjustment gives rise to a reduction in the Invoicing Amount; or
  - (b) by the Buyer to the CSP and by the CSP to the Seller if the total adjustment gives rise to an increase in the Invoicing Amount.

Sums payable hereunder shall be payable by such time and in such manner as the CSP may specify.

## 20. Force Majeure

- 20.01 Subject to term 20.02 and 15.07(b)(ii)(B), a “Force Majeure event” shall mean an event beyond the reasonable control of either party to a Contract which delays, hinders or prevents the performance in whole or in part by a party of his obligations under the Contract (other than an obligation to make a payment), including, without limitation, act of God, storm, flood, earthquake, fire, explosion, malicious damage, accident howsoever caused, strike, lock-out, labour dispute, riot, civil commotion, war whether declared or undeclared, armed conflict, use of force by authority of United Nations, act of terrorism, act of government or other national or local authority or any agency thereof, breakdown of machinery, and unavailability, restriction, failure or delay in or computer or data processing systems or communication or energy supplies or bank transfer systems.
- 20.02 The following shall not be a Force Majeure event: the failure for whatever reason of a computer or other electronic facility to accept a notification made by a Seller or a Buyer (other than the CSP) as required by these terms and the Administrative Procedures.
- 20.03 A party to a Contract shall not be entitled to rely upon this term 20 unless such party has notified the CSP and the Exchange in writing immediately after such party has become aware (or after it ought reasonably to have become aware) of such Force Majeure event, and has continued to seek to perform its obligations in accordance with the Contract (in which event it shall be entitled to such relief with effect from the commencement of such Force Majeure event). The notice shall state the date on which the Force Majeure event commenced and the

effects of the Force Majeure event on such party's ability to perform its obligations in accordance with the Contract, including an estimate of the period of the Force Majeure event.

20.04 Upon the request of the CSP or the Exchange, a party seeking relief under this term 20 shall promptly provide such other information as required by the CSP or the Exchange as soon as reasonably practicable to assist the Board in determining whether a Force Majeure event has occurred. If a Force Majeure event has occurred, neither party will be deemed in Default in Performance of its obligations under a Contract if such party was unable to perform its obligations as a direct result of the occurrence of such Force Majeure event nor will any penalty or damages be payable if and to the extent that performance of any obligation is hindered or prevented by a Force Majeure event.

20.05 Subject to any steps taken at any time by the Board under emergency powers in the Rules and subject to the default rules from time to time in force of the CSP, if the Board determines under term 20.04 that a Force Majeure event delays, hinders or prevents a party from performing any obligation under a Contract for a period of at least five Business Days beyond the time limit fixed in or under the Contract any Delivery Unit or part thereof not delivered to the Buyer, shall be the subject of cash settlement at a price to be fixed by the Board in consultation with the CSP in their absolute discretion. Such price shall be binding on the parties. No dispute as to the price may be referred to arbitration but the completion of cash settlement shall be without prejudice to the right of either party to refer any dispute arising out of the Contract to arbitration under the Rules.

## 21. New Legislation

21.01 Subject to any steps taken by the Board under the emergency powers in the Rules, if the Board in its absolute discretion determines that a change of legislative or administrative provisions in the United Kingdom, the European Union, any country or group of countries or of an institution or market organisation in any country or group of countries, has affected, is affecting or is likely to affect the normal course of business or the performance of these terms or the Administrative Procedures, the Board shall have the power to vary these terms (including without limitation those of any existing Contract) in any way it considers necessary for restoring or preserving the orderly course of business or performance of these terms or the Administrative Procedures.

21.02 A variation pursuant to term 21.01 may be made notwithstanding that it may affect the performance or value of an existing Contract (or of such existing Contracts as may be specified by the Board).

21.03 Any determination made by the Board under this term 21 shall be the subject of a Notice. Any such variation of these terms or Administrative Procedures shall take effect at such time and for such period as may be specified in the Notice

and may be modified or revoked by a subsequent variation by the Board made under this term 21.

- 21.04 A Contract affected by a variation under this term 21 shall remain in full force and effect subject to such variation and neither party shall be entitled to repudiate such Contract or treat it as frustrated except so far as may be allowed by the Board.

22. Articles, Rules and Regulations

- 22.01 Every Contract shall be subject to the Articles and the Rules and the Regulations insofar as applicable notwithstanding that either or both of the parties to it are not a member of the market or of the CSP.

- 22.02 In case of any conflict between the Administrative Procedures and these terms or the Rules, the provisions of these terms and the Rules shall prevail and in the event of any conflict between these terms and the Rules, the Rules shall prevail.

23. Arbitration

- 23.01 Subject to term 16.09 and this term 23 and to the Rules, any dispute arising from or in relation to a Contract shall be referred to arbitration under the Rules. The arbitration shall be held in accordance with the Rules in force at the time of such reference.

- 23.02 No dispute arising from or in relation to any cash settlement price fixed by the Board under these terms shall be referred to arbitration under the Rules.

- 23.03 (a) Where the Buyer has duly given notice by the time on the Acceptance Date specified in Term 16.09 that the Buyer claims that the Delivery Unit does not comply with the terms of the Contract, stating in what respects the Delivery Unit is said not to comply and whether the Buyer also claims to reject the Delivery Unit, then the Delivery Unit shall be subject to an inspection.

- (b) The Exchange shall on or before the second Business Day after receipt of such notice notify the Buyer, the Seller and the CSP of whether such inspection shall be carried out by Exchange staff, or by a third party inspector ("Inspector") to be appointed by the Exchange. Where an Inspector is appointed, then the Exchange may, in its absolute discretion, attend as an observer at any inspection carried out by the Inspector. The Buyer shall indemnify the Exchange in respect of the costs of the Inspector, and shall be responsible for the costs of the Exchange relating to the inspection, without prejudice to the right of the Buyer to claim such costs hereunder. The Exchange shall inform the Inspector (if such is appointed) of the respects in which the Buyer claims that the Delivery Unit is not in conformity with the terms of the Contract.

- (c) The Exchange or the Inspector (as the case may be) shall inspect the Delivery Unit, carrying out such inspections, sampling and analyses as they consider appropriate (but shall not be required to break up the Delivery Unit, or inspect every bag within the Delivery Unit, for the purposes of any inspection) and shall on or before the Business Day which is the 22<sup>nd</sup> Business Day immediately after the Acceptance Date issue a report to the Buyer, the Seller, the CSP and, in the case of a report by an Inspector, the Exchange stating the facts relevant to the question of whether the Delivery Unit is in compliance with the terms of the Contract in the respects stated by the Buyer. The period of 22 Business Days may be extended by the Exchange provided that it is satisfied, in its absolute discretion, that exceptional circumstances have prevented or will prevent the completion of the report within the time stipulated. The report of the Exchange or the Inspector shall be conclusive and binding on the Buyer, the Seller, the CSP and the Exchange in respect of the facts stated in it, save in the case of fraud or manifest error.
- (d) Where the Buyer has claimed to reject the Delivery Unit, then on or before the fifth Business Day after the issuance of the report made by the Exchange or the Inspector (as the case may be), the Exchange shall determine in its absolute discretion, on the basis of such report, whether the Buyer's claim to reject the Delivery Unit is upheld. The Buyer's claim to reject the Delivery Unit based on a breach of a condition of the Contract on the part of the Seller shall not be upheld if the Exchange determines that the breach of that condition is so slight that it would be unreasonable for the Buyer to reject the Delivery Unit. The Exchange may in its absolute discretion consult experts or legal advisers in reaching its determination. The costs of such experts or legal advisers and the costs of the Exchange and/or the Inspector relating to the inspection, shall be borne by the Buyer and the Seller in the first instance in such proportions as the Exchange may direct, without prejudice to the right of either party to claim such costs in arbitration under the Rules. The determination of the Exchange shall be binding on the Buyer, the Seller and the CSP and they shall comply with it forthwith, without prejudice to the rights of the parties to refer any claim for loss, damage or costs to arbitration under the Rules.
- (e) Any party wishing to refer a claim for loss, damage or costs to arbitration (whether or not the Buyer has claimed to reject the Delivery Unit) must, on or before the tenth Business Day after the issuance of the report made by the Exchange or the Inspector (as the case may be), notify the Exchange and the CSP in accordance with the Rules of its intention to refer a claim or dispute to arbitration. If a party has not so notified the Exchange and the CSP by such time, then any claim by such party of any nature whatsoever in respect of the Delivery Unit shall be deemed to have been waived and absolutely barred.

- (f) No claim of any nature whatsoever may be brought by the Buyer in respect of the Delivery Unit until a report by the Exchange or an Inspector (as the case may be) has been made, and a copy of it delivered to the Buyer, the Seller, the CSP and, in the case of a report by an Inspector, the Exchange.
- (g) If the Buyer has claimed to reject the Delivery Unit, and the Exchange has upheld such claim, then:-
  - (i) the Seller shall repay to the CSP the final Invoicing Amount in respect of the Delivery Unit by 10.00 hours on the day which is the fifth Business Day after the Exchange has made the determination referred to in sub-paragraph (d) above (the "Repayment Day"), together with interest thereon at the Interest Rate plus 2% per annum for the period from the day following the Settlement Day up to and including the Repayment Day;
  - (ii) the CSP shall repay to the Buyer the final Invoicing Amount in respect of the Delivery Unit after 12.00 hours on the Repayment Day, together with interest thereon at the Interest Rate plus 2% per annum for the period from the day following the Settlement Day up to and including the Repayment Day;
  - (iii) The records on NYSE Liffe Guardian will be updated by the CSP to reflect the change of ownership from Buyer to Seller.
  - (iv) the Seller shall reimburse the Buyer in respect of any costs of the Inspector or of the Exchange relating to the inspection, any reasonable Rent and Fumigation Charges, and any other reasonable costs or fees in respect of work done by the Warehousekeeper in relation to the inspection of the Delivery Unit by the Inspector or by the Exchange which have been incurred by the Buyer in respect of the Delivery Unit, on or before the fifth Business Day after receipt of an invoice from the Buyer accompanied by supporting documents evidencing the amounts incurred by the Buyer; and
  - (v) the Buyer, pursuant to term 23.03 (e), shall be entitled to claim damages from the Seller by reference to the market price of Cocoa complying with the requirements of the Contract, but in no event shall either party be liable to the other in respect of any indirect or consequential losses or expenses.
- (h) Property and risk in respect of a Delivery Unit which the Exchange has determined that the Buyer is entitled to reject will pass:
  - (i) from the Buyer to the CSP as Seller, once the following has been effected:

- (1) the deemed transfer by the Buyer of the Warrant in respect of such Delivery Unit to the CSP; and
  - (2) the payment by the Seller of the final Invoicing Amount in respect of such Delivery Unit in same day or immediately available, freely transferable, cleared funds; and
- (ii) from the CSP as Buyer to the Seller, once the following has been effected:
  - (1) the payment by the CSP of the final Invoicing Amount in respect of such Delivery Unit to the Buyer in respect of such Delivery Unit in same day or immediately available, freely transferable, cleared funds; and
  - (2) the deemed take up of the Warrant in respect of such Delivery Unit by the Seller.

23.04 The Exchange shall act in good faith in the performance of its functions under this term 23 but subject thereto, and without prejudice to the provisions of Rule 1.4.3, the Exchange shall have no liability to any person in respect of any act or omission in connection with the performance of such functions.

#### 24. Governing Law

24.01 Every Contract shall be governed by and construed in accordance with English law.

24.02 The provisions of neither the Convention relating to a Uniform Law on the International Sale of Goods, of 1964, nor the United Nations Convention on Contracts for the International Sale of Goods, 1980, shall apply to Contracts.

#### 25. Non-registered Contracts

25.01 In respect of a Contract which is not a registered Contract (“non-registered Contract”) these terms shall be modified so as to require and allow that a Contract to be registered with the Exchange under the Rules and the Regulations is capable of being so registered, and to facilitate the performance of such registered Contract (and of any intermediate Contract) in accordance with these terms and the Administrative Procedures. Modifications may also be made to the terms of a non-registered Contract if, without such modifications, it may not be possible to perform such Contract by the applicable times specified in these terms and the Administrative Procedures. Without prejudice to the generality of the foregoing, all references in these terms to payment or dealing between the Buyer or the Seller and the CSP shall be modified so as to require a similar

payment or dealing directly between the Buyer and the Seller party to such non-registered Contract.

26. Economic and Monetary Union

26.01 The Board in its absolute discretion may from time to time vary, substitute or remove any of, or add to, the terms of this Exchange Contract in any way which the Board considers desirable, arising out of or in connection with the introduction of the euro as the lawful currency of the United Kingdom, or to facilitate the calculation of and making of payments in euros or to facilitate the calculation of the EDSP or any invoicing amount, in pursuance of this Exchange Contract.

26.02 Any variation, substitution or removal of, or addition to, the terms of this Exchange Contract made pursuant to term 26.01 shall have such effect with regard to existing and/or new Contracts as the Board may determine.

26.03 Any determination by the Board to vary, substitute or remove any of, or add to, the terms of this Exchange Contract pursuant to terms 26.01 and 26.02 shall be the subject of a Notice.

27. Statement in relation to the Tender Process

27.01 The Exchange draws the following statement to the attention of potential users of the Cocoa Futures Contract. Members should ensure that their clients are made aware of the statement.

“Statement in relation to the Tender Process:

Potential users of the Cocoa Futures Contract should familiarise themselves with the Contract Terms and Administrative Procedures and the Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts. Potential users should also be aware of the fact that for the May 2010 delivery month onwards only Warrants that have been immobilised will be tenderable.”

Issue Date: 26 March 2010



## **Cocoa Futures Contract**

Exchange Contract No. 401

### **Administrative Procedures**

1. Price

The minimum price fluctuation shall be £1.

2. Settlement Procedures

All deliveries in respect of this Contract must be made in accordance with the Contract's terms, the Administrative Procedures and the CSP Procedures. Clearing Members are obliged to deliver or take delivery in respect of their total gross Contract position remaining open after the close of trading on the Last Trading Day in the relevant Delivery Month and must therefore ensure that their gross position (open buying and selling Contracts) registered with the Exchange or submitted to the Exchange for registration allows for this.

3. Last Trading Day

At 12.00 hours                      Trading in Contracts for the relevant Delivery Month shall cease.

By 16.00 hours                      The Exchange will publish the EDSP. The EDSP will be determined in accordance with term 9. The prices, offers or bids used for the calculation of the EDSP under: term 9.01(a), (b) or (c) shall be those during the period of one minute immediately preceding 12.00 hours; and term 9.01(d) or 9.02 shall be those during the period referred to in term 9.02(a) or (b), as applicable.

4. Notice Day

By 10.00 hours                      Each Buying Clearing Member ("Buyer") shall have given a Buyer's Position Notice to the Exchange by such means and in a form prescribed by the Exchange from time to time. The Buyer's Position Notice may only be removed, substituted or replaced by the Buyer up to but no later than 10.00 hours.

Each Selling Clearing Member ("Seller") shall have given a Seller's Delivery Notice to the Exchange by such means

and in a form prescribed by the Exchange from time to time. The Seller's Delivery Notice may only be removed, substituted or replaced by the Seller up to but no later than 10.00 hours.

Each Seller's Delivery Notice shall specify in respect of each Delivery Unit:

- (a) the name of the Seller;
- (b) details of the number of Lots and size and number of Delivery Units to be delivered under the Contract;
- (c) details of the Delivery Area for each Delivery Unit and Warehousekeeper in whose Warehouse each Delivery Unit is stored and details of the Origin for each Delivery Unit;
- (d) details of the Warrant number and Valid Grading Result number for each Delivery Unit; and
- (e) details of the account designation of each Lot (e.g. house or client); and
- (f) such other information as the Exchange may prescribe from time to time.

All payments required by term 11.01 to be made by the Buyer and the Seller shall have been completed.

By 16.00 hours

The Exchange may direct the Seller to convert:

- (a) a Bulk Delivery Unit into Large or Standard Delivery Units or both; or
- (b) a Large Delivery Unit into Standard Delivery Units,

and will notify the Exchange of any such direction.

5. The First Business Day after the Notice Day

By 12.00 hours

The Seller shall have given the Exchange by such means as the Exchange may prescribe, a notice under term 12.04 in a form prescribed by the Exchange from time to time. Such notice shall specify whether the Seller will comply with the direction of the Exchange by converting the

Nominated Delivery Unit under term 12.04(a) or (b) or delivering Substituted Delivery Units under term 12.04(c).

If the Seller makes a notification pursuant to term 12.04(b) or 12.04(c), the Seller shall specify the following details for each Delivery Unit:

- (a) the name of the Seller;
- (b) details of the number of Lots and size and number of the Delivery Units to be converted or delivered under the Contract, as the case may be;
- (c) details of the Delivery Area for each Delivery Unit and Warehousekeeper in whose Warehouse each Delivery Unit is stored and, in respect of each substituted Delivery Unit, details of the Origin;
- (d) details of the Warrant number and Valid Grading Result number for each Delivery Unit;
- (e) details of the account designation (e.g. house or client) of each Lot; and
- (f) such other information as the Exchange may prescribe from time to time.

If the Seller has made a notification to the Exchange under term 12.04(a) or (b), the Seller shall immediately instruct the relevant Warehousekeeper to undertake the conversion of the Nominated Delivery Unit.

The Seller may only remove, substitute or replace a notice made under term 12.04 up to but no later than 12.00 hours.

By 16.00 hours

The Exchange will allocate to a Buyer one or more Delivery Units referred to in a Tender in respect of each Lot to be delivered to it by the CSP by such method of allocation as may be prescribed from time to time by the Exchange. The allocation to a Buyer of any Converted Delivery Unit under term 13.04(a) will be a provisional allocation subject to confirmation by the Exchange under term 14.06(b) or 15.08(b), as applicable.

The Exchange will use its reasonable endeavours to make allocations in accordance with the Buyer's Position Notice submitted by a Buyer in accordance with these terms.

The Exchange will make available to the Seller and Buyer:

- (a) details of the final Invoicing Amount payable by the Buyer in respect of each Delivery Unit, other than a Delivery Unit to be converted from a Nominated Delivery Unit; and
- (b) details of the provisional Invoicing Amount payable by the Buyer in respect of each Converted Delivery Unit to be converted from a Nominated Delivery Unit which has been provisionally allocated to the Buyer.

6. The First Business Day prior to the Settlement Day

By 10.00 hours

The Seller shall have complied with term 14.04 and given the Exchange a notice under term 14.04(c) in a form prescribed by the Exchange from time to time. Such notice shall specify the following details for each Converted Delivery Unit:

- (a) the name of the Seller;
- (b) details of the Delivery Area for each Delivery Unit and Warehousekeeper in whose Warehouse each Delivery Unit is stored;
- (c) details of the Warrant number and Valid Grading Result number for each Converted Delivery Unit;
- (d) details of the account designation (e.g. house or client) of each Converted Delivery Unit; and
- (e) such other information as the Exchange may prescribe from time to time.

By 16.00 hours

The Exchange will make available to the Seller details of the final Invoicing Amount payable to the Seller in respect of each Converted Delivery Unit to be delivered on the Settlement Day.

The Exchange will make available to the Buyer confirmation of the final allocation of the Converted Delivery Units derived from one or more Nominated Large Delivery Units to be delivered to it and details of the final Invoicing Amount payable by the Buyer in respect of each such Converted Delivery Unit.

7. Settlement Day

By 10.00 hours      The Buyer shall pay to the CSP in accordance with term 16.01(a) and in the manner prescribed from time to time by the CSP, the final Invoicing Amount in respect of each Delivery Unit allocated to the Buyer, other than a Delivery Unit converted from a Nominated Bulk Delivery Unit.

As soon as possible after Delivery 12.00 hours      The CSP shall pay to the Seller the final invoicing amount in respect of each Delivery Unit, other than a Unit converted from a Nominated Bulk Delivery Unit, delivered by the Seller in accordance with term 16.02.

The Exchange will make such entries on NYSE Liffe Guardian so as to effect the transfer of ownership from the Seller to the Buyer in respect of each Delivery Unit, other than a Delivery Unit which is converted from a Nominated Bulk Delivery Unit, which it has been allocated under these terms in accordance with terms 16 and 17.

8. The First Business Day prior to the Conversion Settlement Day

By 10.00 hours      The Seller shall have:

(a)      complied with term 15.04 and given the Exchange a notice under term 15.04(c) in a form prescribed by the Exchange from time to time. Such notice shall specify the following details for each Converted Delivery Unit:

- (i)      the name of the Seller;
- (ii)     details of the Delivery Area for each Converted Delivery Unit and Warehousekeeper in whose Warehouse each Converted Delivery Unit is stored;
- (iii)    details of the Warrant number and Valid Grading Result number for each Converted Delivery Unit;
- (iv)    details of the account designation (e.g. house or client) of each Converted Delivery Unit; and

(v) such other information as the Exchange may prescribe from time to time; or

(b) given the Exchange a notice under term 15.05 in a form prescribed by the Exchange from time to time.

By 16.00 hours      The Exchange will make available to the Seller details of the final Invoicing Amount payable to the Seller in respect of each Converted Delivery Unit which complies with terms 15.04 and 5.05(a) or (b), as the case may be, to be delivered by the Seller on the Conversion Settlement Day.

The Exchange will make available to the Buyer confirmation of the final allocation of the Converted Delivery Units derived from Nominated Bulk Delivery Units to be delivered to it on the Conversion Settlement Day and details of the final Invoicing Amount payable by the Buyer in respect of each such Converted Delivery Unit.

9.      Conversion Settlement Day

By 10.00 hours      The Buyer shall pay to the CSP, in the manner prescribed from time to time by the CSP, the final Invoicing Amount in respect of each Converted Delivery Unit to be delivered to it on the Conversion Settlement Day in accordance with term 16.01(b).

As soon as possible after each 12.00 hours      The CSP shall pay to the Seller the final Invoicing Amount in accordance with term 16.06(b) in respect of Converted Delivery Unit delivered by the Seller in accordance with term 16.

The Exchange will make such entries on NYSE Liffe Guardian so as to give effect to the transfer of ownership from the Seller to the Buyer in respect of each Delivery Unit, other than a Delivery Unit which is converted from a Nominated Bulk Delivery Unit, which it has been allocated under these terms, in accordance with terms 16 and 17.

10.      The First Business Day prior to the Extended Conversion Settlement Day

By 10.00 hours      The Seller shall have:

- (a) complied with term 15.04 and given the Exchange a notice under term 15.04(c) in a form prescribed by the Exchange from time to time. Such notice shall specify the following details for each Converted Delivery Unit:
  - (i) the name of the Seller;
  - (ii) details of the Delivery Area for each Converted Delivery Unit and Warehousekeeper in whose Warehouse each Converted Delivery Unit is stored;
  - (iii) details of the Warrant number and Valid Grading Result number for each Converted Delivery Unit;
  - (iv) details of the account designation (e.g. house or client) of each Converted Delivery Unit; and;
  - (v) such other information as the Exchange may prescribe from time to time; or
- (b) given the Exchange a notice under term 15.07(b)(i) in a form prescribed by the Exchange from time to time.

By 16.00 hours

The Exchange will make available to the Seller details of the final Invoicing Amount payable to the Seller in respect of each Converted Delivery Unit which complies with terms 15.04 and 5.05(a) or (b), as the case may be, to be delivered by the Seller on the Extended Conversion Settlement Day.

The Exchange will make available to the Buyer confirmation of the final allocation of the Converted Delivery Units derived from Nominated Bulk Delivery Units to be delivered to it on the Extended Conversion Settlement Day and details of the final Invoicing Amount payable by the Buyer in respect of each Converted Delivery Unit.

#### 11. Extended Conversion Settlement Day

By 10.00 hours

The Buyer shall pay to the CSP, in the manner prescribed from time to time by the CSP, the final Invoicing Amount

in respect of each Converted Delivery Unit as notified to the Buyer in accordance with term 16.01(b).

As soon as  
possible after  
  
each 12.00 hours

The CSP shall pay to the Seller in accordance with term 16.06(b) the final Invoicing Amount in respect of Converted Delivery Unit delivered by the Seller in accordance with term 16.

The Exchange will make such entries on NYSE Liffe Guardian so as to give effect to the transfer of ownership from the Seller to the Buyer in respect of each Delivery Unit, other than a Delivery Unit which is converted from a Nominated Bulk Delivery Unit, which it has been allocated under these terms, in accordance with terms 16 and 17.

12. Acceptance Date

The tenth Business Day after the Settlement Day, or the seventh Business Day after the Conversion Settlement Day or the Extended Conversion Settlement Day

By 17.00 hours

Subject to term 16.09, the Buyer shall be deemed to have accepted each Delivery Unit delivered to the Buyer on the Settlement Day, Conversion Settlement Day or the Extended Conversion Settlement Day, as the case may be.

Issue Date: 26 March 2010