

LONDON NOTICE No. 2664

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WHITE SUGAR FUTURES CONTRACT (EXCHANGE CONTRACT NO. 407)

REMOVAL OF FREIGHT DIFFERENTIALS AND ABILITY TO DELIVER SUGAR IN JUTE BAGS

REVISIONS TO THE RATE AT WHICH SUGAR SHALL BE LOADED

Executive Summary

This Notice informs members of amendments to the Contract Terms of the White Sugar Futures Contract which will apply to the March 2007 and all subsequent delivery months. The amendments comprise: (a) the removal of the ability to deliver sugar in jute bags; (b) the removal of freight differentials; and (c) an increase in the rate at which sugar shall be loaded to no less than 1,500 tonnes per weather working day.

1. Introduction

1.1 The Contract Terms of the White Sugar Futures Contract (“the Contract”) contain, among other things, the following provisions:

- (a) term 2.03 allows for sugar to be packed in new sound jute bags;
- (b) term 9 provides that for the purposes of calculating the invoicing amount for a contract in respect of sugar delivered at a port which is not a European port, a freight differential shall be added to the Exchange Delivery Settlement Price (“EDSP”); and
- (c) term 12.03(a) requires sugar to be loaded at a rate of no less than 1,000 tonnes per weather working day.

1.2 In order to reflect changes that have taken place in the physical white sugar market, the Exchange has determined, in consultation with market users, to revise the Contract Terms of the Contract in respect of bagging and loading rates. In addition, the Exchange has determined, again in consultation with market users, to remove the Contract’s freight differential provisions to reflect not only changes in white sugar trade flows, but also the anticipated decline in the

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European Union's white sugar exports following the World Trade Organisation Appellate Body rulings and the European Commission's sugar reform proposals.

2. Details of the amendments

2.1 The Attachment to this Notice sets out the necessary amendments to the Contract Terms of the Contract. The main revisions can be summarised as follows:

- (a) term 2.03: removal of the ability to deliver sugar in jute bags;
- (b) term 9: deletion of the term in its entirety and, as such, removal of the requirement to apply freight differentials in respect of sugar delivered at a port which is not a European port; and
- (c) term 12.03(a): an increase in the rate at which sugar is to be loaded from no less than 1,000 tonnes per weather working day to no less than 1,500 tonnes per weather working day.

2.2 The amendments shall apply to the **March 2007 and subsequent delivery months**. The updated Contract Terms and Administrative Procedures will appear on the Euronext website (www.euronext.com) in due course.

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

Commodity Product Management +44 (0) 20 7379 2373 sugar@liffe.com

**Amendments to the Contract Terms of the White Sugar Futures Contract
(Exchange Contract No. 407)**

(Additions shown underlined/deletions ~~struckthrough~~)

2. Sugars Tenderable

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2.03 The sugar shall be packed in ~~new sound jute bags, each with a single new polythene liner, of uniform weight of 50kg net of sugar and each bag and liner having a combined minimum tare of 400g, save that the Seller shall be entitled to elect in his tender to deliver, in respect of a lot, sugar packed in~~ new sound polypropylene bags, each with a single new polythene liner, of a uniform weight of 50 kg net of sugar and each bag and liner having a combined minimum tare of 160g. The bags of each lot shall be uniform and suitable for export and, if marked, all shall bear the same mark. Any such marks shall not be contrary to these terms.

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8. Invoicing Amount

8.01 The invoicing amount in respect of each lot referred to in a Seller's Notice of Tender shall be the sum calculated in accordance with the formula:

$$\text{Contract Weight} \times (\text{EDSP} + A)$$

where:

EDSP = The EDSP for the relevant delivery month

~~A = Any discounts or allowances made in accordance with term 9.~~

- 8.02 (a) Subject to term 8.02 (b), where the sum calculated in accordance with term 8.01 is not a number of dollars and whole cents, such sum shall be rounded to the nearest sum which is a number of dollars and whole cents and the invoicing amount shall be such nearest sum.
- (b) Where the sum calculated in accordance with term 8.01 is a number of 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 dollars and whole cents, and the invoicing amount shall be such nearest sum.

~~9. Freight Differential~~

~~9.01 For the purposes of calculating the invoicing amount for a Contract in respect of sugar delivered at a port which is not a European port, a freight differential shall be added to the EDSP in accordance with the formula set out in term 8.01. Such freight differential shall be established by the Board from time to time and published by General Notice not later than thirty calendar days prior to the Last Trading Day.~~

~~9.02~~ The freight differential shall be established by the following steps:

- ~~(a) The Board shall determine the notional freight rate for cargoes of sugar of 14,000 tonnes on suitable vessels classified 100 A1 at Lloyd's or in an equivalent register between the Hamburg-Rouen range of ports listed pursuant to term 2.02 and one safe East Mediterranean port.~~
- ~~(b) For each port listed pursuant to term 2.02 which is not a European port the freight differential shall be the difference, if any, expressed in US dollars and cents, between the notional freight rate determined under term 9.02(a) above and the notional freight rate for equivalent cargoes between that port and one safe East Mediterranean port.~~

~~9.03~~ A change in the freight differential for any port shall not affect:

- ~~(a) a Contract in respect of which a tender has already been made, or~~
- ~~(b) a Contract under which the Tender Day falls within the period of thirty calendar days following the date of publication of the change.~~

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~~12.11.~~ Delivery

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~~12.03~~11.03 The sugar, whatever its origin or destination, shall be loaded in accordance with the loading provisions of the ASSUC Rules in effect on the Tender Day subject only to the following:

- (a) the sugar shall be loaded at a rate of no less than 1,500 tonnes per weather working day; and
- (b) the demurrage rate shall be the rate specified in the charter party pursuant to which the sugar is carried, and dispatch shall be half of the demurrage rate.

All other terms: numbering changes have been made, where relevant, to reflect the removal of term 9.