

LONDON NOTICE No. 2838

ISSUE DATE: 24 January 2007
EFFECTIVE DATE: 20 February 2007

RAW SUGAR FUTURES AND OPTIONS CONTRACTS

CONTRACT SPECIFICATIONS AND TRADING ARRANGEMENTS

Executive Summary

This Notice informs members of the launch date for the Raw Sugar Futures and Options Contracts, provides members with the formal Contract Specifications and confirms the trading arrangements for such Contracts.

1. Introduction

- 1.1 London Circular No. 07/04, issued on 15 January 2007, informed members of the introduction of Raw Sugar Futures and Options Contracts in February 2007. This Notice notifies members that the Raw Sugar Futures and Options Contracts will be made available for trading on and from **Tuesday 20 February 2007**.
- 1.2 This Notice also provides members with the following additional information in respect of the Raw Sugar Futures and Options Contracts:
 - (a) Contract Specifications;
 - (b) Raw Sugar Futures Contract deliverable origins;
 - (c) Raw Sugar Options Contract details;
 - (d) trading licences and trading hours;
 - (e) contract codes and delivery/expiry months;
 - (f) wholesale trading arrangements;
 - (g) statement in relation to the tender process;
 - (h) guidance on sanctions for breaches of settlement procedures in respect of the Raw Sugar Futures Contract; and
 - (i) status of the contracts in the United States.

Web site: www.euronext.com/derivatives

The **Euronext Derivatives Markets ("Euronext.liffe")** include 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.

2. Contract Specifications

- 2.1 The Contract Specifications for the Raw Sugar Futures and Options Contracts are contained in Attachments 1 and 2, respectively, to this Notice. The Exchange has determined that these Contract Specifications be, and hereby are, adopted.

3. Raw Sugar Futures Contract deliverable origins

- 3.1 Each of the following countries will be considered a deliverable origin for the purposes of delivery of sugar against the Raw Sugar Futures Contract: Argentina, Australia, Barbados, Belize, Brazil, Colombia, Costa Rica, Dominican Republic, El Salvador, Ecuador, Fiji Islands, French Antilles, Guatemala, Honduras, India, Jamaica, Malawi, Mauritius, Mexico, Mozambique, Nicaragua, Peru, Philippines, South Africa, Swaziland, Taiwan, Thailand, Trinidad, USA, and Zimbabwe.

4. Raw Sugar Options Contract details

- 4.1 Raw Sugar Options Contracts shall be for American-style exercise.
- 4.2 The minimum price fluctuation will be 0.01 US cents per lb.
- 4.3 Exercise price increments will be 0.25 U.S. cents per lb, with a minimum of four in-the-money, one at-the-money and four out-of-the-money exercise prices available at any one time for each expiry month.

5. Trading Licences and Trading Hours

- 5.1 Members wishing to execute trades in Raw Sugar Futures and Options Contracts on LIFFE CONNECT[®] must hold a valid LIFFE CONNECT[®] Futures trading subscription.
- 5.2 The trading hours for the Raw Sugar Futures Contract shall be 09.45 hours (London time) to 17.30 hours (London time) and for the Raw Sugar Options Contract they shall be 09.47 hours to 17.30 hours (London time). The detailed session times are as follows (all times are London times):

	Pre-open	Open	Pre-close	Close	Settlement
Raw Sugar Futures	06.03	09.45	17.28	17.30	17.30
Raw Sugar Options	06.03	09.47	17.28	17.30	17.30

6. Contract Codes and Delivery/Expiry Months

- 6.1 The Trade Registration System (“TRS”) code shall be RSU for both the Raw Sugar Futures Contract and the Raw Sugar Options Contract.
- 6.2 The Raw Sugar Futures Contract delivery months shall be March, May, July and October, such that a total of eight delivery months are available for trading. The first delivery month to be made available for trading will be the May 2007 delivery month.
- 6.3 The Raw Sugar Options Contract expiry months shall be March, May, July and October, such that eight expiry months are available for trading. The first expiry month to be made available for trading will be the May 2007 expiry month.

7. Wholesale Trading Arrangements

- 7.1 Subject to regulatory approval, the Raw Sugar Futures Contract shall be designated as an Against Actuals Contract for the purposes of the Against Actuals Facility.
- 7.2 The necessary amendments to the Euronext.liffe Trading Procedures will appear in the London Market Handbook and on the Euronext website (www.euronext.com) in due course.

8. Statement in relation to the Tender Process

- 8.1 The Exchange draws the following statement to the attention of potential users of the Raw Sugar 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 Raw Sugar Futures Contract should familiarise themselves with the Contract Terms and Administrative Procedures. Amongst other things, potential users should be aware that the objective of the tender process for the Raw Sugar Futures Contract is to seek to ensure that, to the extent possible, no less than a total of 80 lots of sugar will be tendered for delivery at any port of loading.

In order to seek to achieve that objective, the Exchange has requested LCH.Clearnet Ltd (“the Clearing House”) to reject, in accordance with the Contract Terms, a Seller’s Notice of Tender which relates to a port of loading for which tenders of less than 80 lots in aggregate have been received. In such case, such Seller will be provided with an opportunity to re-tender at a port of loading where, in aggregate, a minimum of 80 lots will be tendered. If the Seller’s revised tender is not in respect of such a port of loading, such Seller will be required to deliver the sugar in a port or ports of loading prescribed by the Exchange. Accordingly, Sellers should note that they may be required to make delivery from a port of loading other than their preferred port.

Potential users should also be aware that, notwithstanding the objective of the tender process, where the aggregate of all tenders is less than 80 lots, the Buyers will be required to take delivery of such lots of sugar from a single port of loading.”

9. Guidance on Sanctions for Breaches of Settlement Procedures

- 9.1 General Notice No. 1277, issued on 15 September 1998, contains guidance on disciplinary sanctions for breaches of settlement procedures in respect of LIFFE’s deliverable commodity futures contracts. Members are advised that General Notice No. 1277, and the guidance contained therein, shall apply to the Raw Sugar Futures Contract.

10. U.S. Regulatory Approval

- 10.1 It is intended that the Raw Sugar Futures and Options Contracts will be made available in the United States under LIFFE’s existing Foreign Trading System No-Action Letter. The Exchange is in the process of filing formal notifications with the Commodity Futures Trading Commission and will inform members once this process is completed. It is the Exchange’s intention that this will be prior to the launch of the Raw Sugar Futures and Options Contracts.

11. Further Information

- 11.1 Further information relating to the introduction of Raw Sugar Futures and Options Contracts will be provided in due course. This information will include details of the Exchange's transaction fees and fee rebate schemes, and LCH.Clearnet Ltd's margin parameters and inter-commodity offsets. Members and their customers wishing to receive this information direct should contact a member of the Commodity Product Management team either by email at commodities@liffe.com or by telephone on +44 (0)20 7379 2588.
- 11.2 For further information in relation to this Notice, members should contact their account manager or one of the following:

Malcolm Wall Morris	+44 (0) 20 7379 2139	malcolm.wallmorris@liffe.com
Peter Blogg	+44 (0) 20 7379 2407	peter.blogg@liffe.com

EXCHANGE CONTRACT NO. 408¹

RAW SUGAR FUTURES CONTRACT

(A) CONTRACT TERMS - Issue Date: 24 January 2007

(B) ADMINISTRATIVE PROCEDURES - Issue Date: 24 January 2007

Delivery Months: May 2007 onwards

¹ Please refer to London Notice No. 2838, issued on 24 January 2007.

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Raw Sugar Futures Contract

Terms of Exchange Contract No. 408

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.

“adopted rules” means the SAL Rules.

“business day” means a day on which the market, the Clearing House 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 transfer in respect of each lot of the delivery quantity of sugar and to pay the invoicing amount in respect of each such lot (including, except where the context otherwise requires, the Clearing House as buyer under a registered Contract).

“Buyer’s Notice of Tender” means the form identifying the Seller delivered by the Clearing House to the Buyer.

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

“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 for a delivery month and “registered Contract” means a Contract registered by the Clearing House.

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

“days” means, unless otherwise specifically stated, calendar days.

“default in performance” has the meaning attributed to it in term 14.02.

“deliverable origin” means an origin described as such by the Exchange and included in the list published by the Board from time to time pursuant to term 2.03.

“delivery period” means the period commencing on and including the day which is 7 calendar days after the Tender Day, up to and including the fifteenth day of the second succeeding calendar month, subject to term 15.02.

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

“Document Notice Day” shall have the meaning attributed to it in term 12.01.

“EDSP” means Exchange Delivery Settlement Price and has the meaning attributed to it in term 5.

“final settlement value” means the settlement directly between the Buyer and Seller of any sums due after payment has been made.

“free on board and stowed” shall have the meaning described in SAL Rule 211(a).

"Insufficient Seller" means a Seller who has made a Notice of Tender in respect of a Non-Qualifying Port.

“invoicing amount” has the meaning attributed to it in term 8.

“Last Trading Day” in respect of any delivery month means the last New York business day of the month preceding the delivery month. If this is not a business day then the business day immediately preceding such day shall be the Last Trading Day for such delivery month.

“lbs” refers to English pounds.

“lot” shall have the meaning attributed to it in term 3.01.

“mean polarisation” refers to either mean shipping polarisation or mean outturn polarisation, depending on whether the polarisation test is undertaken at loading or destination.

“New York business day” means a day on which the banks in New York are open for business.

"Non-Qualifying Port" means a port of loading in respect of which all Sellers' Notices of Tender which have been made for that delivery month amount in aggregate to less than 80 lots.

“off the market” has the meaning described in the Clearing House Procedures.

“payment” means the transfer by the Clearing House of funds from the Buyer to the Seller in accordance with Clearing House Procedures.

“port of destination” means the port at which the sugar is discharged.

“port of loading” means a location which is a customary port for the export of sugar on a free on board and stowed basis, and which complies with Administrative Procedure 3.02(i) and with the International Ship and Port Facility Security code. The following, if determined to be a port of loading, shall be considered to be a single location for the purposes of delivery:

- Pulupandan and Guimaras in the Philippines;
- Eten and Pimentel in Peru;
- Any loading facility located within sixty miles of Bangkok, Thailand, measured from a longitude of one hundred degrees thirty five minutes East and a latitude of thirteen degrees twenty two minutes North, from which, in conformity with the sugar trade, sugar is regularly delivered out of Thailand.

"Qualifying Port" means a port of loading in respect of which all Sellers' Notices of Tender which have been made for that delivery month amount in aggregate to 80 lots or more.

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

“SAL Rules” means those parts of the Rules of the Sugar Association of London relating to raw sugar contracts for delivery in bulk free on board and stowed, from time to time in force.

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

“Seller’s Notice of Tender” means the form instigating delivery given by the Seller to the Clearing House.

“Settlement Day” in respect of each lot comprised in a Contract means the first business day after the Document Notice Day on which banks are open for business in New York.

“sugar” means raw centrifugal cane sugar, which is defined as any crystallised sugar product from a cane sugar production facility.

“Sugar Charter Party” means the un-amended, unedited form of the Sugar Charter Party which is commonly used in the sugar trade for the carriage by sea of raw sugar in bulk (as may be revised from time to time) in effect as at the first day of the delivery month.

“tender” means the delivery by a Seller of a Seller’s Notice of Tender for sugar pursuant to a Contract.

“Tender Day” in respect of any lot comprised in a Contract has the meaning attributed to it by term 9.01.

“ton” means a long ton of 1106.05 kilograms or 2240 lbs.

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 All times are London times unless stated otherwise.

2. Sugars Tenderable

2.01 Each Contract shall be for sound sugar based on 96 degrees mean polarisation with adjustment for other grades in accordance with term 2.02, delivered in bulk, produced no earlier than twelve calendar months preceding the first day of the delivery month in question and of fair average quality of such crop.

2.02 No sugar below 95 degrees mean polarisation shall be deliverable. Sugar above and below 96 degrees mean polarisation shall be deliverable at the premium or discount shown below:

- (a) for sugar at 97 degrees add 1.50% to the EDSP;
- (b) for every full degree
 - (i) above 97 degrees to and including 98 degrees, add an additional 1.25% to 2.02(a), making a total of 2.75% to be added to the EDSP. Tenths and hundredths of a degree above 97 degrees up to and including 98 degrees polarisation shall be calculated in the same proportion;
 - (ii) above 98 degrees to and including 99 degrees, add an additional 1% to 2.02(b)(i), making a total of 3.75% to be added to the EDSP. Tenths and hundredths of a degree above 98 degrees up to and including 99 degrees polarisation shall be calculated in the same proportion;

- (c) for each full tenth of a percentage degree above 99 degrees to and including 99.3 degrees, add an additional 0.1% to 2.02(b)(ii), making a total of 4.05% to be added to the EDSP in the case of polarisation at 99.3%. Hundredths of a degree above 99 degrees up to and including 99.3 degrees polarisation shall be calculated in the same proportion;
- (d) for the full degree below 96 degrees to and including 95 degrees deduct 5.50% from the EDSP. Tenths and hundredths of a degree below 96 degrees down to and including 95 degrees shall be calculated in the same proportion.

2.03 Deliverable origins shall be those included in the list of origins from time to time published by the Board by Notice, which shall apply to such delivery months specified in the Notice as the Board may determine.

The Board may from time to time list or de-list an origin, which shall have such effect with regard to existing or new Contracts or both as the Board may determine in its absolute discretion. Any such determination will be notified to Members by means of a Notice or otherwise as the Board may direct.

2.04 Subject to term 2.03, sugar shall be delivered at any port of loading in the deliverable origin of the sugar. However, in the case of landlocked countries and sugar originating from a country within the European Union, delivery shall be made at any customary port of loading for the purposes of export from such country.

The Exchange gives no warranty and does not make any representation or promise that a port has any particular characteristics or facilities or is safe or suitable in any way whatsoever, and the Exchange shall not be liable for any loss, damage, or delay resulting from conditions at any such port.

2.05 Sugar delivered shall be free of all liens and claims of any kind and shall be freely available for export to any destination, except that:

- (a) sugar shall only be available for export to destinations outside of its country of origin (except that US origin sugar may be used in the US);
- (b) if the United States Sugar Act 1948 (as amended or replaced from time to time) is not in effect at the time of the delivery of sugar, then such sugar may not be entered into the United States (whether or not for human consumption) if such entry is prohibited by the government of the country of origin;
- (c) sugar originating in the European Union shall only be available for export to destinations outside of the European Union. Sugar originating in the European Union shall physically leave the geographical area of the European Union without undue delay after loading has been completed,

and under no circumstances shall the sugar be re-imported into the European Union;

- (d) sugar originating in a country which, at the time of delivery of the sugar, is an ACP signatory to the Lome Convention (as from time to time in force) and is entitled to preferential rates of duty or quota in the states of the European Union, shall not be available for export to those states.

3. Contract Specification

- 3.01 Each Contract shall be for one or more lots for the delivery month specified. A lot shall be for an amount of sugar having a weight of 50 tons.

4. Price

- 4.01 The Contract price shall be in US cents per lb, with fluctuations of one hundredth (0.01) of a US cent per lb, delivered free on board and stowed in Buyer's nominated vessel's hold at a port of loading pursuant to term 2.04.
- 4.02 The Contract price shall be exclusive of any United Kingdom value added tax which may be or may become payable thereon.

5. Exchange Delivery Settlement Price

- 5.01 Subject to term 5.02, 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 have 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 hundredth (0.01) of a US cent 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 hundredth (0.01) of a US cent;

- (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 bid or offer, 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 (a) and (b) of term 5.02 and, if necessary, rounded down to the nearest hundredth (0.01) of a US cent.

5.02 If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) of term 5.01 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 paragraphs (a), (b) or (c) of term 5.01, as the case may be; or
- (b) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c) of term 5.01, 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) of term 5.02, and, if necessary, rounded down to the nearest hundredth (0.01) of a US cent.

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

6. Settlement Payments

6.01 In respect of each lot referred to in a Seller's Notice of Tender, 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 Clearing House or payment by the Clearing House 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 Clearing House or payment by the Clearing House to the Seller, or both (as the case may require);

of an amount calculated in respect of each lot on the basis of the difference between the EDSP and the Contract price, in US cents multiplied by 112,000.

7. Payment Documentation

7.01 Subject to whether final quantity and quality is to be determined at port of loading or at port of destination in accordance with Administrative Procedure 3.06, the Seller shall present the following documents to the Clearing House conforming with the information given by the Seller in the Seller's Notice of Tender:

- (i) where final quantity and quality is determined at port of loading:
 - (a) a signed commercial invoice, basis actual polarisation;
 - (b) a complete set of original signed clean on board bills of lading;
 - (c) an original certificate of origin; and
 - (d) an original certificate of quantity and quality (polarisation), by an internationally recognised independent supervision firm.
- (ii) where quantity and quality is determined at a port of destination listed in SAL Rule 207:
 - (a) a signed commercial provisional invoice for 100% of the value of the sugar basis 96 degrees mean polarisation made out on the bill of lading weight at the Contract price;

- (b) a complete set of original signed clean on board bills of lading;
 - (c) an original certificate of origin.
- 7.02 Payment against the presentation of documents specified in term 7.01 is without prejudice to the reference of any claim or dispute of whatsoever nature to arbitration under term 16.
- 7.03 Payment against the presentation of documents specified in term 7.01(ii) shall not affect the Buyer's or Seller's entitlement to a final settlement value in accordance with Administrative Procedure 3.06(e).
- 7.04 Without prejudice to the Buyer's ability to request that the Seller provides additional documents pursuant to SAL Rule 220(c) and (d), the Buyer shall not be entitled to require the presentation of any documents in return for payment other than those specified in term 7.01.
- 7.05 The Clearing House shall by the time specified in the Administrative Procedures advise the Buyer that the documents are available to be taken up and the Buyer shall thereupon collect the documents from the Clearing House in accordance with the Clearing House Procedures.
- 7.06 The documents shall be deemed to have been accepted by the Buyer unless the Buyer has prior to 14.00 hours on the Settlement Day notified the Clearing House in writing in accordance with the Clearing House Procedures that the documents are rejected by the Buyer on the grounds that they do not evidence the proper fulfilment of the terms of the Contract, and the documents have been returned to the Clearing House by 15.00 hours on that day. The Buyer shall in any such notice state with reasonable precision the respects in which the documents do not evidence such fulfilment. The Buyer shall be precluded from relying on any grounds for the rejection of the documents which are not stated in any such notice. For the avoidance of doubt, where a Seller presents more than one set of documents to the Clearing House, the Buyer shall not be entitled to reject any documents which are tendered in respect of a lot or lots where this is solely on the ground that the Buyer has rejected a document or documents which relate to a different lot or lots.
- 7.07 Title to goods shall not pass from the Seller to the Buyer until the Buyer has accepted the documents and the Seller has received payment for the sugar.
- 7.08 Where documents have been rejected by the Buyer:
 - (a) the Clearing House shall advise the Seller, after 14.00 hours on the Settlement Day, of such rejection and the reasons for it given by the Buyer, and shall make the documents available for collection by the Seller from 15.00 hours on that day; and

- (b) the Seller may re-present documents at any time within five business days of having received a notice advising of rejection of the documents, provided always that any such re-presentation must be within twenty calendar days of the bill of lading date.

- 7.09 Where documents have been re-presented by the Seller and accepted by the Buyer, then these terms shall apply to such re-presentation as if it were a first presentation, save that the Buyer shall not be entitled to reject documents on such re-presentation on any grounds other than those specified at the time of the first rejection unless such rejection is based on a discrepancy in documents which did not exist at the time of the previous presentation of the documents.
- 7.10 Where documents have been accepted and paid for by the Buyer, this shall be without prejudice to the reference to arbitration by the Seller or the Buyer of any question in dispute, including but not limited to any claim relating to or arising out of any discrepancy in documents presented by the Seller to the Buyer, whether or not identified by the Buyer prior to payment having been made.
- 7.11 Where the Buyer has collected documents from the Clearing House and subsequently rejects the documents, the Buyer shall indemnify the Clearing House against any liability, loss, cost or expense which arises out of or relates to any failure (whether on the part of the Buyer, the Clearing House or any person whatsoever) to return all of the documents in their original condition without delay.
- 7.12 Should documents which have been accepted by the Buyer not be taken up and paid for by the time specified in the Administrative Procedures, the Clearing House may, unless payment has previously been made and without prejudice to any other rights or remedies available to it;
- (a) sell the sugar at any time and any difference in price resulting from such sale, together with interest and all charges incurred by reason of the delay, shall be paid by the Buyer to the Clearing House forthwith; or
 - (b) claim damages from the Buyer for failing to take up the documents, which damages shall be deemed to include (but shall not be limited to) the invoicing amount.
- 7.13 If the invoice against which the Clearing House effects payment is not ready when documents are required to be passed on to the Buyer in accordance with term 12.03, then provided that the other documents are accepted by the Buyer, payment of the invoicing amount shall in any event be made by the Clearing House to the Seller and received on account from the Buyer.

7.14 The Seller and Buyer may mutually agree to take the sugar off the market on any business day from and including the day following the expiry of the deadline in the Administrative Procedures for any exchange of the Buyers' Notices of Tender to the last day of the delivery period and, in such event, the Clearing House having been so informed in accordance with Clearing House Procedures by 16.00 hours on a business day will settle with the parties at the EDSP by reference to the number of lots tendered.

8. Invoicing Amount

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

$$\text{Number of lots} \times [112000 \times \text{invoicing price per lb}] / 100$$

where:

invoicing price per lb = $\text{EDSP} \times (1 + (A/100))$, rounded to two decimal places on the basis that fractions below 5 shall be rounded down and fractions of 5 and above shall be rounded up

EDSP = The EDSP for the relevant delivery month

A = Cumulative percentage allowance for degrees above and below 96 degrees mean polarisation, in accordance with term 2.02

- 8.02 (a) Subject to term 8.02 (b), where the sum calculated in accordance with term 8.01 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 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. Tender Day

9.01 The Tender Day in respect of a delivery month shall be the first day of that delivery month, but if that day is not a business day the following business day shall be the Tender Day.

9.02 A tender shall be made on the Tender Day to the Clearing House in the form of the Seller's Notice of Tender prescribed by the Clearing House or in such other form acceptable to the Clearing House. The tender must be submitted by

the Seller to the Clearing House on the Tender Day by the time specified in the Administrative Procedures.

- 9.03 The Clearing House shall initially review all Notices of Tender which have been submitted by all Sellers with a view to ensuring that all deliveries will take place at a Qualifying Port, (except as provided for in terms 9.07 and 9.08 below) in accordance with the Contract Terms and Administrative Procedures and the statement set out at term 21. For the avoidance of doubt, any Notice of Tender in respect of a Qualifying Port may not be withdrawn and re-tendered.
- 9.04 If, following the initial review, the Clearing House determines that Notices of Tender have been made in respect of any Non-Qualifying Port, then the Clearing House shall by the time specified in the Administrative Procedures:
- (a) advise the Insufficient Sellers by whom such Notices of Tender were made of such determination;
 - (b) reject, on behalf of the Exchange, any Notices of Tender in respect of a Non-Qualifying Port;
 - (c) advise each Insufficient Seller of the Qualifying Ports, if any; and
 - (d) provide to each Insufficient Seller a summary of all other Notices of Tender made in respect of Non-Qualifying Ports.
- 9.05 All such Insufficient Sellers shall then, by the time specified in the Administrative Procedures, either:
- (a) make a revised Notice of Tender in respect of a Qualifying Port; or
 - (b) enter into arrangements with other Insufficient Sellers to enable such Sellers to make revised Notices of Tender such that a previously Non-Qualifying Port becomes a Qualifying Port.
- 9.06 If for any reason after the process set out at in term 9.05 has been completed, any Notice of Tender is still made in respect of a Non-Qualifying Port, then such Notice of Tender shall be rejected by the Clearing House on behalf of the Exchange and the Insufficient Seller(s) shall make a further revised Notice of Tender in respect of a Qualifying Port by the time specified in the Administrative Procedures. If there is no Qualifying Port in respect of which to make such a revised Notice of Tender, the Insufficient Seller(s) shall instead act in accordance with term 9.07 or term 9.08, as the case may be.
- 9.07 If for any reason after the process set out in term 9.06 has been completed there is still no Qualifying Port, then the Exchange shall determine that all tenders shall take place at the port of loading which has been nominated in

respect of the largest number of lots in the Sellers' Notice of Tender. The Exchange shall inform the Clearing House of its determination and the Clearing House shall notify all Sellers accordingly that they must tender sugar at the port of loading determined by the Exchange.

9.08 If for any reason after the process set out in term 9.06 has been completed there is still no Qualifying Port, and if there are two or more ports of loading which have been equally nominated in respect of the largest number of lots in the Sellers' Notices of Tender under term 9.06, then the Exchange shall determine at which port of loading such tenders are to be made. In doing so, the Exchange shall take into account circumstances in the physical sugar market generally and the previous practice of the Exchange. The Exchange shall inform the Clearing House of its determination and the Clearing House shall notify all Sellers accordingly that they must tender sugar at the port of loading determined by the Exchange.

10. Tenders

10.01 A tender shall not be withdrawn nor substitution allowed except with the consent of the Buyer or, in case of dispute, unless so ordered by the Board.

10.02 A tender which has been made to the Clearing House in time shall, subject to term 10.01, be accepted by the Buyer as a valid tender for that date.

10.03 With the consent of the Clearing House, Buyers may exchange, in accordance with the Regulations, Buyer's Notice of Tender forms with one another by the time specified in the Administrative Procedures.

11. Delivery

11.01 Delivery shall be in accordance with the Administrative Procedures and with SAL Rules 209, 210(a), 210(b), 210(c), 210(f) and 212, save that for the purposes of SAL Rule 209, the "contract delivery period" shall mean the period from the day which is 7 calendar days after the Tender Day, up to the end of the delivery period as defined herein.

11.02 Term 11.01 is subject to the notice referred to in SAL Rule 210(b) being a notice of not less than seven calendar days, and shall be given by the Buyer to the Seller and the Clearing House.

12. Presentation of Documents

12.01 Advice in writing of presentation of documents, which must give the name of the ocean vessel, must be received by the Clearing House from the Seller on the Notice of Presentation of Documents form in the manner specified from time to time in the Regulations not later than by the time specified in the Administrative Procedures on any business day within twenty calendar days of

the bill of lading date. The day on which such advice is given to the Clearing House shall be known as the Document Notice Day.

12.02 Documents as prescribed in term 7.01 shall be presented by the Seller to the Clearing House in the manner specified from time to time in the Regulations on the day following such advice by the time specified in the Administrative Procedures, being a day on which banks are open for business in both London and New York.

12.03 The Clearing House shall pass on documents to the Buyer without delay but, provided the Clearing House has been notified and documents have been presented to it by the times specified in the Administrative Procedures, the Buyer shall (unless the documents have been rejected in accordance with the provisions of term 7.06) be bound to take up and pay for such documents on the same day by the time specified in the Administrative Procedures without prejudice to the reference of any claim or dispute of whatsoever nature to arbitration.

13. New Legislation

13.01 If after consultation with the Clearing House the Board shall in its absolute discretion determine that a change of legislative or administrative provisions of the United Kingdom or any state or territory or the European Union, 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, the Board shall have power to vary the terms of Contracts in any way it deems necessary or desirable for restoring or preserving the orderly course of business.

13.02 Such variation may be made notwithstanding that it may affect the performance or value of existing Contracts (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 13.

13.03 Any determination made by the Board pursuant to this term 13 shall be published by Notice. A variation of Contract terms made hereunder shall take effect at such time and for such period as the Board shall declare but (without prejudice to term 13.02 above) shall not take effect earlier than the day on which such Notice is issued.

13.04 A Contract affected by a variation under this term 13 shall remain in full force and effect subject to such variation and shall not be treated as frustrated or repudiated except so far as may be allowed by the Board.

13.05 A variation made by the Board under this term may be modified or revoked by a subsequent variation made hereunder.

14. Default in Performance

14.01 The provisions of this term 14 shall be subject to the default rules from time to time in force of the Clearing House and also subject to the provisions of term 18.03.

14.02 For the purposes of this term 14, a reference to a “default in performance” shall, subject to term 14.04, be construed as including an actual failure or an anticipated failure by a Seller or a Buyer under term 14.02 in performing its obligations under a Contract at any time before the time of tender on the Tender Day. An anticipated failure is one which the Clearing House, in its reasonable opinion, considers will occur at any time before the time of tender on the Tender Day and in respect of which the Clearing House considers that it should take action under the provisions of this term 14.

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

- (a) it fails to fulfil its 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) it fails to pay any sum due to the Clearing House 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 Clearing House, it is in default in performance.

14.04 Errors in a notice, which are determined in the Clearing House’s absolute discretion to be clerical errors which can be readily rectified and are so rectified, shall not be treated as constituting a default in performance.

14.05 Subject to terms 14.06(b) and 14.10, if it appears to the Clearing House that a Seller or a Buyer is in default in performance under a registered Contract, the Clearing House 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 Clearing House, to the Seller and to the Buyer. Such terms may limit some or all of the rights of the Seller and/or the Buyer and/or the Clearing House to refer any matter concerning or arising out of a default in performance (or the resolution thereof) to arbitration under term 16;

- (b) without prejudice to any of its other rights under this term 14, 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 16; or
- (c) take any steps whatsoever which may appear desirable to the Clearing House for the protection of the Clearing House 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.

14.06 If, within five business days of the default in performance having come to the attention of the Clearing House:

- (a) the steps taken by the Clearing House have not led or are not likely to lead to a resolution of the default in performance; or
- (b) the Clearing House has not taken any steps and the default in performance remains unresolved,

the Clearing House 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 14.05(b), then (if the dispute or issue is one which has arisen before the time of tender) each lot 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 Clearing House. 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.

14.07 Any cash settlement price fixed under term 14.06 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 16.

14.08 Any costs, claims, losses, taxes or expenses of whatsoever nature suffered or incurred by the Clearing House in connection with any steps taken by the Clearing House 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 Clearing House in relation to a default in performance shall be without prejudice to any rights (including rights to refer matters to

arbitration under term 16), obligations or claims of the Buyer, the Seller or the Clearing House in relation to a Contract to which the default in performance relates.

14.09 A Buyer or Seller who is in default in performance under this term 14, shall forthwith pay to the Clearing House any sums payable by it under term 8 and any sums payable pursuant to this term 14.

14.10 Notwithstanding that a Buyer or Seller may be in default in performance under this term 14, the Clearing House may in its absolute discretion determine not to exercise or to delay in exercising any of its rights under this term 14, and no failure by the Clearing House to exercise nor any delay on its part in exercising any of such rights shall operate as a waiver of the Clearing House'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.

14.11 A Buyer, a Seller or the Clearing House may refer a dispute or issue arising out of a default in performance under this term 14 (subject always to the application of provisions of terms 14.05, 14.06 and 14.07) to arbitration under term 16.

14.12 The provisions of this term 14 relating to steps that may be taken by the Clearing House, where there appears to the Clearing House 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.

15. Force Majeure

15.01 At any time before the time of tender on the Tender Date and in respect of events before such time:

- (a) for the purposes of this term 15.01, "Force Majeure Event" shall mean an event which occurs before the Tender Date which is beyond the reasonable control of either party to a Contract and which delays, hinders or prevents the performance in whole or in part by a party of its 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 or failure of, or restriction or delay in,

any one or more of computer, data processing systems, communication or energy supplies and bank transfer systems;

- (b) 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 Clearing House) as required by these terms and the Administrative Procedures shall not be a Force Majeure Event;
- (c) a party to a Contract shall not be entitled to rely upon this term 15.01 unless such party has notified the Clearing House 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;
- (d) upon the request of the Clearing House or the Exchange, a party seeking relief under this term 15.01 shall promptly provide such other information as required by the Clearing House 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;
- (e) 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 Clearing House, if the Board determines under term 15.01(d) 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 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 Clearing House 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.

15.02

At any time from the time of tender on the Tender Date and in respect of circumstances or events which occur after such time:

- (a) Should war, strikes, rebellion, insurrection, political or labour disturbances, civil commotion, fire, stress of weather, act of God or any cause of force majeure (whether or not of like kind to those before mentioned) beyond the Seller's control prevent directly or indirectly within the delivery period specified in the Contract, the supply to or delivery at a port pursuant to term 2.04 in whole or in part of the sugar allocated by the Seller against the Contract, the Seller shall immediately notify the Clearing House of such fact and the quantity so affected. If the Seller is prevented from advising the Clearing House immediately through circumstances beyond its control it shall notify the Clearing House as soon as possible. Upon giving such notice, the delivery period shall be extended as follows:
 - (i) where the force majeure event(s) prevents performance for up to three days, the delivery period shall be extended by seven days;
 - (ii) where such event(s) prevents performance for more than three days, the delivery period shall be extended by forty-five days.

The Seller shall notify the Clearing House immediately that the force majeure event(s) terminates. If delivery is still prevented at the end of the forty-five day extended delivery period, the Board shall immediately fix a price for invoicing back and the quantity of sugar affected shall be invoiced back to the Buyer at that price. The price fixed 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. No other dispute as to the invoicing back price may be referred to arbitration.

- (b) Should the Buyer be prevented from accepting delivery of the whole or part of the sugar within the delivery period by reason or loss or delay of the vessel(s) declared due to war, strikes, rebellion, insurrection, political or labour disturbances, civil commotion, fire, stress of weather, act of God or any cause of force majeure (whether or not of like kind to those before mentioned) beyond the Buyer's control, the Buyer shall immediately notify the Clearing House of such fact. If the Buyer is prevented from advising the Clearing House immediately through circumstances beyond its control it shall notify the Clearing House as soon as possible. Upon giving such notice, the delivery period for the affected quantity shall be extended, without extra charge to the Buyer, as follows:

- (i) where the force majeure event(s) prevents the Buyer from accepting delivery for up to three days, the delivery period shall be extended by seven days;
- (ii) where such event(s) prevents the Buyer from accepting delivery for more than three days, the delivery period shall be extended by twenty one days.

The Buyer shall notify the Clearing House immediately that the force majeure event(s) terminates. If the Buyer is still prevented from accepting delivery at the end of the twenty one day extended Contract delivery period, then the Seller shall deliver and the Buyer shall accept delivery in a suitable warehouse(s) or, by mutual agreement at some other convenient point. The Seller shall insure the sugar in store against fire, lightning, strikes, riots and civil commotion at the Buyer's expense for a minimum period of fifteen days and the Buyer shall reimburse the Seller for the whole of the proven costs of holding over the sugar during the extended period of twenty one days, but transfer of the sugar from a suitable warehouse(s) to the Buyer's vessel free on board and stowed shall be undertaken by the Seller without extra charge.

- (c) If performance of the Contract is prevented by a force majeure event more than once during the delivery period (as extended in accordance with these terms) the provisions of these terms shall apply to each such event. However, in no circumstances shall that delivery period be extended for more than the period allowed under 15.02(a) (ii) and 15.02(b) (ii).
- (d) The party claiming force majeure shall within fourteen days from the initial notification of the facts relied upon deliver to the Clearing House evidence of the existence of those facts. If evidence is not delivered in accordance with this provision, the right to invoke force majeure shall be forfeited unless an arbitration tribunal in its absolute discretion decides otherwise.
- (e) These provisions shall apply notwithstanding the occurrence of events which would otherwise frustrate the Contract.

16. Arbitration

16.01 Any dispute arising out of a Contract shall (subject to terms 14 and 18.03 to the extent that they apply) be referred to arbitration under the Rules relating to arbitration. The arbitration shall be conducted in accordance with the arbitration rules in force at the time of reference.

- 16.02 The determination and payment of an invoicing back price shall not limit the jurisdiction of arbitrators to make such award as they deem proper on the issue before them. No dispute arising from or in relation to any invoicing back price fixed by the Board under these terms shall be referred to arbitration under the Rules.
- 16.03 Terms 16.01 and 16.02 apply only to a dispute arising before the time of tender on the Tender Day. A dispute arising on or after the time of tender on the Tender Day shall be referred to arbitration in accordance with term 18.03.
17. Rules, Administrative Procedures etc
- 17.01 Every Contract shall be subject to the Rules and the Regulations insofar as applicable notwithstanding that either or both of the parties to it be not a member of the Exchange or of the Clearing House.
- 17.02 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.
- 17.03 The Board may at its discretion at any time revoke, alter or add to the Administrative Procedures. Any such amendment shall have such effect on existing as well as new Contracts as the Board may direct and will be notified to Members by means of a Notice or otherwise as the Board may direct.
18. Adopted Rules
- 18.01 From the time of tender on the Tender Day a Contract shall be subject to the SAL Rules, except where otherwise stated in these terms or the Administrative Procedures.
- 18.02 Subject to term 18.04, to the extent that the adopted rules are inconsistent with these terms and the Administrative Procedures the adopted rules shall prevail.
- 18.03 All disputes arising at or after the time of tender on the Tender Day shall be referred to arbitration before the Sugar Association of London for settlement in accordance with the SAL Rules Relating to Arbitration, subject always (where the Clearing House is a party) to Rule 6.2.1.
- 18.04 Term 2, term 7, term 12, term 15 and Administrative Procedures 3.01 to 3.06 inclusive shall prevail over the provisions of the adopted rules.
19. Law and Jurisdiction
- 19.01 Every Contract shall be governed by and construed in accordance with English law. Subject to terms 16 and 18.03, any question arising therefrom shall be subject to the jurisdiction of the English courts.

19.02 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.

20. Non-Registered Contracts

20.01 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 Clearing House 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 Clearing House 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.

21. Statement in relation to the Tender Process

21.01 The Exchange draws the following statement to the attention of potential users of the Raw Sugar 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 Raw Sugar Futures Contract should familiarise themselves with the Contract Terms and Administrative Procedures. Amongst other things, potential users should be aware that the objective of the tender process for the Raw Sugar Futures Contract is to seek to ensure that, to the extent possible, no less than a total of 80 lots of sugar will be tendered for delivery at any port of loading.

In order to seek to achieve that objective, the Exchange has requested LCH.Clearnet Ltd (“the Clearing House”) to reject, in accordance with the Contract Terms, a Seller’s Notice of Tender which relates to a port of loading for which tenders of less than 80 lots in aggregate have been received. In such case, such Seller will be provided with an opportunity to re-tender at a port of loading where, in aggregate, a minimum of 80 lots will be tendered. If the Seller’s revised tender is not in respect of such a port of loading, such Seller will be required to deliver the sugar in a port or ports of loading prescribed by the Exchange. Accordingly, Sellers should note that they may be required to make delivery from a port of loading other than their preferred port.

Potential users should also be aware that, notwithstanding the objective of the tender process, where the aggregate of all tenders is less than 80 lots, the Buyers will be required to take delivery of such lots of sugar from a single port of loading.”

Issue Date: 24 January 2007

Raw Sugar Futures Contract

Exchange Contract No. 408

Administrative Procedures

1. Index

In these Administrative Procedures:

1. Index
2. Timetable
3. Delivery Process

2. Timetable (all times are London times)

Last Trading Day

At 17.30 hours Trading in the Contract delivery month shall cease.

After 17.30 hours The Exchange will publish the EDSP. The EDSP will be determined in accordance with term 5. The prices, offers or bids used for the calculation of the EDSP pursuant to term 5.01 shall be those during the one minute period immediately preceding cessation of trading.

Tender Day (Last Trading Day + 1 business day)

By 10.30 hours Remaining open positions automatically become delivery contracts.

Sellers deliver the *Seller's Notice of Tender* form, instigating delivery, to the Clearing House in accordance with the Clearing House Procedures.

By 11.00 hours Where any Sellers have submitted Notice(s) of Tender in respect of a Non-Qualifying Port or Ports, the Clearing House shall take the steps specified in term 9.04 and shall notify such Insufficient Seller(s) that the tenders should be revised in accordance with term 9.05. .

By 13.00 hours Any Insufficient Sellers deliver in accordance with term 9.05 revised Seller's Notice of Tender forms to the Clearing House. If the Insufficient Sellers have not delivered the revised Seller's Notice of Tender forms by 13.00 hours, the Clearing House will refer to the Exchange to determine in accordance with the

Contract terms the port of loading from which tenders will be made, and the Exchange shall notify the Clearing House of such determination by 14.00 hours.

By 14.00 hours

Where Sellers' Notice(s) of Tenders continue to be made in respect of Non-Qualifying Port(s), the Exchange will upon request by the Clearing House determine in accordance with terms 9.06 to 9.08, the port of loading from which tenders will be made and shall notify the Clearing House of such determination.

The Clearing House, as prescribed by the Exchange, shall notify the Insufficient Seller(s) of the port of loading at which their tender(s) shall take place.

After 14.00 hours

Sugar allocated to Buyers by the Clearing House in accordance with the Clearing House procedures.

The Clearing House delivers to the Seller the *Arrangement for Delivery - Notice to Seller* form, identifying the Buyer.

By 17.00 hours

The Clearing House delivers to the Buyer the *Buyer's Notice of Tender* form, identifying the Seller.

Tender Day + 1 business day

By 9.00 hours

All payments required by term 6.01 to be made by the Buyer and the Seller shall have been completed.

By 12.00 hours

Buyers may exchange Buyer's Notices of Tender with the consent of the Clearing House.

Delivery Day(s) – 7 calendar days

By 16.00 hours

Buyer informs Seller and the Clearing House of the name of the vessel for delivery, the vessel's expected time of arrival at the port of loading and the tonnage to be loaded, using the *Vessel Nomination/Details* form, such notification to be made in accordance with the Clearing House Procedures.

Document Notice Day

By 12.00 hours

Seller gives notice to the Clearing House of presentation of documents using the *Notice of Presentation of Documents* form, such notification to be made in accordance with the Clearing House Procedures.

Settlement Day

By 9.00 hours	The Clearing House debits Buyer via PPS.
By 10.00 hours	Seller lodges delivery documents with the Clearing House in accordance with the Clearing House Procedures.
After 11.00 hours	The Clearing House advises Buyer that documents are available to take up. The Buyer collects the delivery documents from the Clearing House in accordance with the Clearing House Procedures.
By 14.00 hours	The Buyer may inform the Clearing House in writing in accordance with the Clearing House Procedures that he wishes to reject the documents specified in term 7.01, and in that event the Buyer shall return all the original documents to the Clearing House at the Buyer's expense by 15.00 hours.
After 14.00 hours	<p>The Clearing House shall notify the Seller in the event that the Buyer has rejected the documents, and shall advise the Seller that the original documents shall be held at their disposal at the Clearing House for collection at the Seller's expense after 15.00 hours.</p> <p>The Clearing House credits Sellers via PPS, unless informed by 14.00 hours by the Buyer that the documents have been rejected in accordance with the Clearing House Procedures. If the documents have been rejected, the Clearing House credits back to the Buyer the sum debited earlier.</p>

3. Delivery Process

3.01 Subject to Administrative Procedures 3.02 and 3.03:

- (i) the Seller shall be responsible for all expenses pertaining to delivery and loading of sugar into the vessel on a free on board and stowed basis, including any existing or future taxes, or levies in the nature of taxes of the country of origin or loading;
- (ii) the Buyer shall be responsible for all expenses pertaining to pilotage, wharfage charges, customs fees and similar charges pertaining to the entry and exit of the vessel at the port of loading;
- (iii) the rights and obligations of the Seller and Buyer, including but not limited to despatch, demurrage, loading conditions and vessel's responsibility to the cargo will be governed by the Sugar Charter Party.

3.02 The Seller shall

- (i) ensure that the port of loading at which the sugar shall be loaded shall be capable of providing a berth or anchorage that will enable vessels drawing 30 feet (9.2 metres) salt water and with length overall (LOA) of up to 190 metres to proceed to and depart from such berth or anchorage always safely afloat. If the draft of the vessel nominated to load the sugar so permits, a berth of less than 9.2 metres salt water and/or length overall of up to 190 metres may be provided;
- (ii) not be obliged to commence loading until the expiry of the notice period in term 11.02;
- (iii) if congestion at the port of loading prevents the vessel from berthing on expiry of the notice period in term 11.02, the berthing priority of the vessel shall be based on the date of expiry of such notice or, if different, the custom of the port.
- (iv) the Seller shall endeavour to provide the Buyer with the opportunity to sample the sugar intended to be delivered prior to its loading but without commitment as to the actual sugar to be supplied at the time of loading;
- (v) the Seller guarantees that sugar delivered shall be free of restriction with respect to usage at destination. No restrictions as to the destination of the sugar may be imposed by the Seller except as provided in term 2.05.

3.03 The Buyer

- (i) shall as soon as possible, and in any event prior to the clearance of the vessel from the port of loading or the time as required by the country of the origin of the sugar (whichever is the sooner), notify the Seller of the port of destination;
- (ii)
 - (a) shall give documentary instructions to the Seller as soon as possible but in any event not less than five days prior to the arrival of the vessel at the port of loading;
 - (b) may supply to the Seller forms for the documents which are required by the Buyer and, immediately on completion of loading, the Seller shall draw up documents in a format and style similar to the forms provided by the Buyer. In the absence of any specific request from the Buyer as to the description to be inserted on the bill(s) of lading (such request not to be unreasonably denied by the Seller), the description of the cargo shall be "sound raw centrifugal cane sugar in bulk". Bill(s) of lading are to be marked "to order" or "to order of shipper" and shall be signed by the Master or the agent of the vessel;

- (iii) shall within 24 hours of completion of loading, release and forward the bill(s) of lading to the Seller or its agent. The Buyer shall be responsible for any damages incurred by the Seller arising out of or from the Buyer's failure to comply with the requirement of this Administrative Procedure 3.03(iii);
- (iv) shall be responsible for costs incurred by reason of additional documentary requests as per SAL Rule 220(c) and (d);
- (v) shall provide Marine, Strikes and War Risks Insurance in accordance with SAL Rule 216;
- (vi) shall be responsible for the Stock Financing Fund Fee levied under the terms of the International Sugar Agreement with respect to any sugar delivered under the Contract.

3.04 The sugar, whatever its origin or destination, shall be loaded in accordance with the following provisions:

- (i) vessel(s) presented may be geared or gearless;
- (ii) at each loading port, even if loading commences earlier, laytime for loading to begin at 1400 hours local time if written/cabled/telexed notice of readiness to load is tendered to agents before noon and at 0800 hours local time next working day if written/cabled/telexed notice of readiness to load is tendered to agents after noon. Notice of readiness to load to be tendered to agents in ordinary office hours, Saturdays afternoon, Sundays (or local equivalents) and holidays excepted, whether in berth or not;
- (iii) laydays at the average rate of 4000 tons calculated on gross weight shall be allowed to the Seller for loading provided vessel can receive at this rate, basis four or more hatches (if less than four, pro-rata), per weather working day of twenty four consecutive hours (stevedoring holidays excluded), time from noon Saturdays to 0800 hours local time Mondays (or local equivalents) and from 1700 hours local time day preceding a holiday until 0800 local time hours next working day excepted, even if used. Vessels having less than four hatches but with any hatch exceeding 15 metres in length and able to work two gangs simultaneously shall have such hatch counted as two hatches. Time employed in shifting anchorages and/or loading places within the same port or its jurisdiction not to count as laytime. At loading port(s) in the event of congestion Master has the right to tender notice of readiness to load at the customary waiting place in ordinary office hours by cable/telex to agents whether in berth or not, whether in port or not, whether in free pratique or not, whether customs cleared or not. Time

proceeding from customary waiting place to loading berth/anchorage not to count as laytime;

- (iv) if more than one shipper delivers sugar for loading on a vessel, then:
 - (a) if a loss of time is attributable to the conduct of one or more of such shippers, then they shall be responsible for the consequences of such loss of time;
 - (b) otherwise, the consequences of any loss of or saving of time shall be borne by each shipper, in the proportion which the quantity delivered by that shipper bears to the total quantity delivered;
- (v) demurrage is payable by the Seller in accordance with Administrative Procedure 3.04 (viii). In addition, on the expiration of laytime, the Seller shall pay to the Buyer by way of further liquidated damages in addition to demurrage (as a genuine pre-estimate of loss, the Seller acknowledging that extended delays in loading are likely to cause additional losses to the Buyer) according to the following:
 - (a) between 15 and 29 days on demurrage, an additional 50% of the daily demurrage rate per day;
 - (b) after 30 days on demurrage, an additional 100% of the daily demurrage rate per day.
- (vi) the Seller shall permit the Buyer to sample the sugar which it intends to deliver under the Contract. The provision of a sample under this Administrative Procedure (vi) shall not be regarded as definitive of the quality of the sugar to be delivered under this Contract but is provided as an indication only;
- (vii) the Seller shall load the sugar into cargo holds only and shall not be obliged to stow sugar in refrigerator hatches, alleyways, bunker hatches, deep tanks or other awkward places unless requested to do so by the Buyer. In making any such request, the Buyer shall provide the Seller with additional laytime (to be mutually agreed by the Seller and the Buyer) and be responsible for any additional expenses incurred by the Seller;
- (viii) the demurrage rate shall be the rate specified in the Charter Party pursuant to which the sugar is carried, and despatch shall be half of the demurrage rate. Such rates shall be declared by the Buyer to the Seller latest on tendering notice of readiness to load and to be in line with the prevailing market rate for like type and size of vessel as at the time of

shipment, notwithstanding that the quantity delivered by the Buyer may only be a part cargo for that vessel;

- (ix) in the event that the Buyer has chartered the vessel basis a time charter agreement, then the declared demurrage and despatch rates shall also be commensurate with the prevailing market rate for the size and type of the vessel at the time of shipment;
- (x) demurrage and despatch shall be payable within 30 days of receipt of the Buyer's or Seller's invoice by the Seller or the Buyer (as the case may be) together with supporting documents;
- (xi) all other terms pertaining to loading of bulk sugar to be in accordance with the Sugar Charter Party.

3.05 The sugar shall be supervised, weighed, sampled and tested in accordance with SAL Rules 302, 303, 304, 309, 310 and 311, where applicable to bulk sugar. In the event of a conflict between Administrative Procedure 3.06 and the SAL Rules, Administrative Procedure 3.06 shall prevail.

- 3.06 (a) In the case of sugar to be shipped to a destination listed in SAL Rule 207:
- (i) quantity and quality of the sugar shall be determined on the basis of landed weights and mean outturn polarisation taken at port of destination (in accordance with the custom of that port), except that the Buyer can, by written notice to the Seller at the time of the nomination of the vessel, request that quality and weight be determined upon the basis of quantity and quality as determined at port of loading (in accordance with the custom of that port). In the absence of such written request from the Buyer, the Seller shall, at its own expense, appoint an internationally recognised independent supervision firm (the "Seller's Supervisor"). Such appointment shall be made no less than five days before the vessel's arrival at the port of destination;
 - (ii) where a Seller's Supervisor is appointed at the port of destination, then the Seller's Supervisor shall supervise and inspect the weighing and sampling of the sugar at the port of destination in concert with the Buyer or its representative. The quantity and quality of the sugar as determined by the Seller's Supervisor appointed hereunder shall, except in the case of manifest error or fraud, be final and binding on both parties;
 - (iii) if the Seller has not appointed a supervisor in accordance with this Administrative Procedure 3.06a(iii), the Buyer shall appoint an internationally recognised independent supervision firm (the "Buyer's Supervisor") to supervise and inspect the weighing and sampling of the sugar at the port of destination. The Seller shall indemnify the Buyer in respect of the costs of the supervisor. A copy of the Buyer's Supervisor's customary certificate of quantity and quality (which shall

be final and binding on both parties) shall be provided by the Buyer to the Seller within 30 days of completion of discharge, failing which (save where it is beyond the reasonable control of the Buyer) the Buyer will be responsible to the Seller in damages;

(iv) in the case of sugar to be shipped to a destination listed in SAL Rule 207 where some of the sugar loaded onto the vessel is not shipped under this Contract, quantity and quality of the sugar shall be determined on the basis of landed weights and sampling and the total landed weight and mean outturn polarisation shall be pro-rated among the various parties concerned, provided that the Buyer produces certificates of quantity and quality from the port of destination from an internationally recognised independent supervision firm. If the Buyer fails to produce the required certificates within a reasonable time, quantity and quality shall be determined according to Administrative Procedure 3.06 (b).

(b) In the case of sugar to be shipped to a destination other than one listed in SAL Rule 207:

(i) the quantity and quality of the sugar shall be determined on the basis of the shipping weight and mean shipping polarisation taken at port of loading;

(ii) the Seller shall be responsible for the weighing and sampling of the sugar at its own expense, and shall appoint an internationally recognised independent supervision firm to supervise and inspect the weighing and sampling of the sugar at the port of loading. The Buyer or its representative may observe the supervision and weighing of the sugar, except that the Buyer may, on giving not less than 5 days notice prior to the commencement of the loading, appoint its own internationally recognised independent supervision firm to supervise and inspect the weighing and sampling of the sugar. The quantity and quality of the sugar as determined by the Seller's supervisor appointed hereunder shall, except in the case of manifest error or fraud, be final and binding on both parties.

(c) In the case of a shipment of sugar of more than one origin, quantity and quality shall be determined according to the procedure set out in Administrative Procedure 3.06 (b), except that the Buyer is entitled to have quantity and quality determined according to the procedure set out in Administrative Procedure 3.06 (a) on provision by the Buyer of a guarantee, given at the time of nomination, that the sugars of different origins will be separately loaded, stowed and discharged.

- (d) Where settlement is to be based on landed weight and outturn polarisations:
- (i) in the case of total loss of a consignment, then the final settlement value shall be based on the bill of lading weight and polarisation of 97.5%;
 - (ii) where part of a consignment is landed in damaged condition:
 - (a) the amount of loss shall be determined by subtracting the landed weight from the weight recorded in the bill(s) of lading, less the average amount of an ordinary or normal loss based on the previous three sound outturns of the same origin sugar during the preceding 24 months. In the event that there has been no such outturn, the average amount of loss shall be deemed to be 0.75%;
 - (b) the sugar shall be deemed a salvage loss to the extent that it cannot either be discharged by Buyer's normal discharging methods or is not fit for human consumption.
- (e) Where final quantity and quality is to be settled on the basis of landed weights and mean outturn polarisation taken at port of destination in accordance with Administrative Procedure 3.06(a), the final settlement value shall be settled promptly against presentation of Seller's final invoice accompanied by landed weight and outturn polarisation certificates.

3.07 If either party has a claim, or wishes to bring a claim, as to the quality or weight of the sugar arising out of any provision of Administrative Procedure 3.06, it may refer such claim to arbitration in accordance with the Contract terms and these Administrative Procedures.

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Issue Date: 24 January 2007

EXCHANGE CONTRACT NO. 501¹
OPTIONS ON COMMODITY CONTRACTS

CONTRACT TERMS
(Issue Date: 24 January 2007)

Expiry Months:	Cocoa Option:	March 2007 onwards
	Wheat Option:	March 2007 onwards
	Robusta Coffee Option:	March 2007 onwards
	White Sugar Option:	March 2007 onwards
	Raw Sugar Option:	May 2007 onwards

¹ Please refer to London Notice No. 2838 issued on 24 January 2007 (Raw Sugar Futures and Options Contracts).

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THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS
EXCHANGE

Terms of Exchange Contract No. 501

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.

For the avoidance of doubt, these contract terms and the Administrative Procedures are implemented under (and have the same force) as the Rules. In the event of any conflict between any provision of these contract terms and the Rules, the Rules will prevail.

1.02 In these terms and in the Administrative Procedures:

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

“associated delivery month” means in respect of a Contract for an expiry month a delivery month which is the same month as the expiry month.

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

“Buyer” in respect of a Contract, means the person who is entitled under such Contract to exercise the option or options the subject of such Contract (including, except where the context otherwise requires, the Clearing House as buyer under a registered Contract).

“call option” means a right, upon the exercise of which the Buyer of the call option becomes the buyer and the Seller of the call option becomes the seller under a contract in the terms of the Underlying Futures Contract for one lot and for the associated delivery month specified in the Contract for the call option.

“Cocoa Option” means a Contract for an option in respect of which the Underlying Futures Contract is the Cocoa Futures Contract.

“Contract” means a contract made expressly or impliedly in these terms for the sale and purchase of one or more put options or one or more call options, and “registered Contract” means a Contract registered by the Clearing House.

“Conversion Date” means the date on which pursuant to the implementation of Economic and Monetary Union the conversion rate for Sterling against the Euro is fixed in accordance with Article 109*l*(5) of the EC Treaty.

“delivery month” in respect of an Underlying Futures Contract, means each month specified as such by the Board pursuant to the Rules.

“Economic and Monetary Union” means Economic and Monetary Union in the European Union, which is characterised by the introduction of the Euro as a currency in its own right and adoption by Member States of the Euro as their lawful currency, such adoption being governed by the EC Treaty and EMU legislation.

“EC Treaty” means the treaty establishing the European Community.

“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 Sterling joining the Euro.

“Euro” means the single currency of the European Union introduced in a Member State arising out of its participation in Economic and Monetary Union.

“Exercise Notice” means a notice from a Buyer to the Clearing House, in a form from time to time prescribed by the Clearing House, notifying the Clearing House that the Buyer thereby exercises one or more options against the Clearing House.

“exercise price” means the price specified in an option contract which will be the contract price in the futures contract resulting from the exercise of the option.

“expiry date” in respect of an option in respect of the relevant Underlying Futures Contract means the date when the option will, unless exercised, expire.

“expiry month” means a month specified as such by the Board for which a Contract for an option in respect of the relevant Underlying Futures Contract can be made.

“expiry time” in respect of an expiry month, means the time specified as such by the Board for a Contract for an option in respect of the relevant Underlying Futures Contract.

“in-the-money option” means a put option or a call option where the exercise price is greater (in the case of a put option) or is less (in the case of a call option) than the price of contracts in the terms of the Underlying Futures Contract for the relevant delivery month.

“Last Trading Day” in respect of an expiry month means the day specified as such by the Board for a Contract for an option in respect of the relevant Underlying Futures Contract.

“last trading time” means the time, specified as such by the Board for a Contract for an option in respect of the relevant Underlying Futures Contract, at which trading for Contracts for an expiry month ceases on the Last Trading Day for such expiry month.

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

“option” means a put option or a call option.

“put option” means a right, upon the exercise of which the Buyer of the put option becomes the seller and the Seller of the put option becomes the buyer under a contract in the terms of the Underlying Futures Contract for one lot and for the associated delivery month specified in the Contract for the put option.

“Raw Sugar Option” means a Contract for an option in respect of which the Underlying Futures Contract is the Raw Sugar Futures Contract.

“Regulations” means the General Regulations and Default Rules of the Clearing House from time to time in force.

“Robusta Coffee Option” means a Contract for an option in respect of which the Underlying Futures Contract is the Robusta Coffee Futures Contract.

“Seller” in respect of a Contract means the person who sells the option or options the subject of such Contract (including, except where the context otherwise requires, the Clearing House as seller under a registered Contract).

“Underlying Futures Contract” means a Commodity Futures Contract specified as such by the Board.

“Wheat Option” means a Contract for an option in respect of which the Underlying Futures Contract is the Wheat Futures Contract.

“White Sugar Option” means a Contract for an option in respect of which the Underlying Futures Contract is the White Sugar Futures Contract.

- 1.03 Subject to term 16.01, 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 law 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.
- 1.04 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.
2. General
- 2.01 These terms shall apply to all Contracts in respect of options for the relevant Underlying Futures Contract.
- 2.02 Each Contract shall be for one or more put options or one or more call options on a contract in the terms of the relevant Underlying Futures Contract specified by the Board and for the expiry month and at the exercise price specified.
3. Minimum Price Fluctuations
- 3.01 The exercise prices will be determined from time to time by the Board.
- 3.02 Minimum premium fluctuations will be determined by the Board from time to time but will not exceed minimum price fluctuations in respect of the relevant Underlying Futures Contract.
4. Exercise
- 4.01 A Buyer may exercise an option in respect of a Contract for an expiry month up to 17.00 hours on any business day except the Last Trading Day for that expiry month. On the Last Trading Day an Exercise Notice shall be given no later than forty-five minutes after the last trading time for a Contract. A Buyer shall give an Exercise Notice to the Clearing House in respect of a Contract in a manner from time to time prescribed by the Clearing House.
- 4.02 All trading in Contracts in respect of an expiry month for an option in the Underlying Futures Contract shall cease:
- (a) in respect of a Robusta Coffee Option, at 12.30 on the third Wednesday in the calendar month immediately preceding the expiry month;

- (b) in respect of a Cocoa Option, at 12.00 on the Last Trading Day in the calendar month immediately preceding the expiry month;
 - (c) in respect of a Raw Sugar Option, at 12.15 on the second Friday of the calendar month immediately preceding the expiry month;
 - (d) in respect of a White Sugar Option, at the close of trading in the White Sugar Futures Contract on the first day in the calendar month immediately preceding the expiry month; and
 - (e) in respect of a Wheat Option, at the close of trading in the relevant Underlying Futures Contract on the second Thursday of the calendar month immediately preceding the expiry month.
- 4.03 (a) If the day mentioned in term 4.02(a), (b), (c), (d) and (e) above is not a business day, trading in the relevant Contract shall cease (subject to term 4.03(b)) on the business day immediately before that day.
- (b) If the day mentioned in term 4.02(a), (b), (c), (d) and (e) above is not a business day in consequence of a proclamation or announcement made after the close of business on the preceding business day, then trading in the relevant Contract shall cease on the business day next following always at the times specified in term 4.02(a), (b), (c), (d) and (e).
- 4.04 Instructions not to exercise an option under a Contract may be given to the Clearing House no later than forty five minutes after the last trading time on the Last Trading Day.
- 4.05 After the last trading time on the expiry date and unless instructions not to exercise have been given under term 4.04 above, all options under a Contract that expire at the close of trading of the relevant Underlying Futures Contract which are in-the-money will be exercised automatically. In-the-money options will be determined by reference to that day's official futures settlement prices. For Contracts that expire before the close of trading of the relevant Underlying Futures Contract, in-the-money options will be determined by reference to futures reference prices supplied on the day by the Exchange (these will be calculated by the same means as the relevant official futures settlement prices). Exceptions to these provisions may be made by the Clearing House's clearing procedures, but these exceptions will not apply to Contracts which have full automatic exercise at expiry.
5. Allocation
- 5.01 Each Contract referred to in an Exercise Notice or exercised under term 4.05 shall be allocated by the Clearing House to a Seller of a Contract at the same exercise price and for the same expiry month as the option exercised.

5.02 Notification of exercise and assignment will be given by the Clearing House during the afternoon of the day of exercise, or as soon as is practically possible thereafter, together with a statement of the amount of the settlement premium due from the Buyer to Seller.

5.03 On the morning of the business day after exercise, margin will be called by the Clearing House from both parties in respect of the futures contract arising therefrom.

6. Expiry Months

6.01 The Board may at its discretion at any time determine the number of expiry months permitted to be traded under these terms in respect of an option for the Underlying Futures Contract, provided that such number does not exceed the number of delivery months for the time being quoted in respect of the Underlying Futures Contract. Subject thereto, a new expiry month will be available for trading on the business day immediately following the Last Trading Day in respect of an expiry month in respect of the Underlying Futures Contract.

7. Official Settlement Premium

7.01 Official Settlement premiums will be established by reference to quotations at a supervised run through at each day's close of business in accordance with procedures established by the Board from time to time.

8. Abandonment

8.01 A Contract may not be abandoned by the Buyer otherwise than on the expiry date.

9. Administrative Procedures

9.01 A Contract shall (without prejudice to any other provision of these terms) be subject to such Administrative Procedures as may from time to time be determined by the Board, provided always that if there be any conflict between the Administrative Procedures and these terms the provisions of these terms shall prevail.

9.02 The Board may at its discretion at any time revoke, alter or add to the Administrative Procedures. Any such amendment shall be published by Notice and shall have such effect on existing as well as new Contracts as the Board may direct.

10. Default in Performance

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

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

10.02 Subject to the default rules of the Clearing House, in the event of a default in performance by a Buyer or a Seller in respect of a registered Contract, the Board shall, at the request of the Clearing House, forthwith fix a price for invoicing back and each option to which that Buyer or Seller, as applicable, is party, shall be invoiced back at that price. Such price may at the Board's absolute discretion take account of any compensation the Board may consider should be paid by or to the Buyer or Seller as applicable.

11. Force Majeure

11.01 Subject to any steps taken at any time by the Board under emergency powers in the Rules:

- (a) a Seller or a Buyer shall be liable to perform his payment obligations in respect of a lot comprised in a Contract by the due time therefor, notwithstanding that he may be or is likely to be prevented from doing so by any event beyond his reasonable control including, without limitation, any act of God, strike, lockout, war, armed conflict, use of force by authority of the United Nations, fire, riot or civil commotion, combination of workmen, breakdown of machinery, unavailability or restriction of computer or data processing facilities or energy supplies or bank transfer systems; and
- (b) in the event of a Buyer being prevented from exercising an option under a Contract in respect of an expiry month by the expiry time therefor, by any event beyond his reasonable control including, without limitation, any of the events specified in term 11.01(a):
 - (i) the Buyer may give written notice to the Board specifying the Contract or, if more than one, the Contracts in respect of which

the Buyer was prevented from exercising an option, the steps taken by the Buyer to exercise an option and the events which prevented him from so doing. Any such notice shall be given to the Board as soon as is practicable after the expiry time for an option specified in the notice; and

- (ii) if the Board is satisfied that the Buyer took all possible steps in the circumstances prevailing to exercise an option, the Board shall request the Clearing house to notify it of details of one or more Contracts between a Seller and the Clearing House which are on the same terms (except as to the parties or the option price) as, and have been matched by the Clearing House with, the Contract or Contracts specified in the Buyer's notice and shall fix a price for invoicing back. Each Contract the subject of the Buyer's notice and each Contract between the Clearing House and a Seller notified to the Board hereunder shall be invoiced back at such price. Such price may at the Board's absolute discretion take into account the Board's assessment of the intrinsic value of the options at the expiry thereof.

12. Articles, Rules and Regulations

12.01 Every Contract shall be subject to the Articles and the Rules and the Regulations in so far as applicable notwithstanding that one or more parties to any such Contract may not be members of the Exchange or of the Clearing House.

12.02 In case of any conflict between these terms and the Rules, the Rules shall prevail.

13. Arbitration

13.01 Subject to term 13.02 and to the Rules, any dispute arising from or in relation to a Contract shall be referred to arbitration under the Rules relating to arbitration and arbitration shall be held in accordance with the Rules in force at the time of such reference.

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

14. Governing Law

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

15. Non-registered Contracts

15.01 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 Clearing House under the Rules and Regulations is capable of being so registered, and to facilitate the performance of obligations or the exercise of rights under such registered Contract (and of any intermediate Contract) in accordance with these terms. 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 or pursuant to these terms. 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 Clearing House 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.

16. Economic and Monetary Union

16.01 If the Board has varied, substituted or removed any of, or added to the terms of an Underlying Futures Contract arising out of or in connection with the introduction of the Euro as the lawful currency of the United Kingdom, the Board may in its absolute discretion vary, substitute or remove any of, or add to, the terms of this Exchange Contract in any way which the Board considers desirable to reflect such changes, or to facilitate the calculation of payments in Euro or to facilitate the calculation of the EDSP and any invoicing amount under the Underlying Futures Contract.

16.02 Any variation, substitution or removal of, or addition to, the terms of this Exchange Contract made pursuant to term 16.01 shall have such effect with regard to existing or new Contracts or both as the Board may determine.

16.03 Any determination by the Board to vary, substitute or remove any of, or add to, the terms of this Exchange Contract pursuant to terms 16.01 and 16.02 shall be subject the subject of a Notice.

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Issue Date: 24 January 2007