

LONDON NOTICE No. 2986

ISSUE DATE: 27 December 2007
EFFECTIVE DATE: 14 January 2008

ROBUSTA COFFEE FUTURES CONTRACT (EXCHANGE CONTRACT NO. 409)

OPTIONS ON COMMODITY CONTRACTS (EXCHANGE CONTRACT NO. 501)

LISTING OF A REVISED ROBUSTA COFFEE FUTURES CONTRACT AND ASSOCIATED OPTION CONTRACT WITH EFFECT FROM 14 JANUARY 2008

Executive Summary

This Notice informs Members of the listing of a revised Robusta Coffee Futures Contract and associated Option Contract with effect from 14 January 2008.

1. Introduction and Background

- 1.1 London Notice No. 2927, issued on 26 July 2007, informed Members of the deferral of the March 2009 and subsequent Futures delivery months and associated Option expiry months of the Robusta Coffee Contract ("the existing Contract") pending the outcome of a review of the Contract. The review has been completed and the Exchange has determined to update the existing Contract through the listing of a revised Robusta Coffee Contract and associated Option Contract ("the revised Contract") with effect from 14 January 2008. It has been further determined that the first Futures delivery month and associated Option expiry month for the revised Contract shall be November 2008.
- 1.2 The November 2008 and January 2009 Futures delivery months and associated Option expiry months of the revised Contract will be offered in parallel with the November 2008 and January 2009 months of the existing Contract. As a result of this parallel listing, the revised Contract has been assigned a new Contract number, 409. January 2009 will be the last Futures delivery month and Option expiry month listed under the terms of the existing Contract. All listings from the March 2009 Futures delivery month and associated Option expiry month onwards will be made under Exchange Contract No. 409 only.

Web site: www.euronext.com/derivatives

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

- 1.3 The revised Contract includes the following key changes:
- (a) an increase in the Contract size from 5 to 10 tonnes;
 - (b) the ability to deliver Robusta coffee from all origins, as opposed to a specified list of origins;
 - (c) the ability to deliver a broader range of Robusta coffee qualities against the Contract;
 - (d) enhancements to the grading process to include measurement of defects and foreign matter by weight;
 - (e) the introduction of a revised screen test;
 - (f) the inclusion of an “olfactory” (smell) test as part of the grading process;
 - (g) the adoption of a single Grading Result, i.e. no re-grading will be permitted, combined with the introduction of revised age discounts;
 - (h) the inclusion of an option to deliver re-bagged bulk coffee as well as coffee in original bags;
 - (i) revised sampling procedures to include sampling of re-bagged bulk coffee; and
 - (j) the introduction of the concept of “grouped lots” where samples from up to 5 lots can be graded together and the result applied to all 5 lots.

2. Contract Terms & Administrative Procedures and Grading & Warehousekeeping Procedures for the revised Robusta Coffee Contract

2.1 The Contract Terms and Administrative Procedures (“the Contract Terms”) in respect of the revised Contract can be found as Attachment 1 to this Notice. An updated copy of Exchange Contract No. 501 (Options on Commodity Contracts) forms Attachment 2 to this Notice. The changes to the Grading and Warehousekeeping Procedures (“the GWPs”) are reflected in Attachment 3 to this Notice. A temporary Schedule 2 to the GWPs has been established which sets out additional Section B interpretations, Section D Warehousekeeping Procedures and Section E Grading Procedures for Exchange Contract No. 409. Schedule 2 will be consolidated within the main body of the GWPs upon completion of the transitional arrangements.

2.2 The primary changes, which have been developed in conjunction with our market users, and in particular in liaison with the Commodity Advisory Group (Coffee), include the following:

2.2.1 Increase in Contract Size to 10 tonnes

The revised Contract calls for the tender and delivery of 10 tonne lots. This change represents a doubling of the Contract size, being a better reflection of transaction sizes in the underlying physical market and also allowing improved economies of scale in respect of the cost of trading and delivery. Further details in respect of the increase in Contract size to 10 tonnes can be found in Contract Terms 2.02, 6.01 and 11.01.

2.2.2 Delivery of Robusta coffee from all origins

Subject to any restrictions that may apply with regard to sanctions or other international regulations or restrictions, the revised Contract allows for delivery of Robusta coffee from all countries of origin. Contract Terms 4.02 and 19.03 of the revised Contract address this area.

2.2.3 Delivery of a broader range of Robusta coffee qualities

The revised quality specifications allow for the delivery of a broader range of Robusta Coffee, while also recognising and rewarding quality through the introduction of a “premium class”, whereby higher quality Robusta Coffee can be delivered at a premium to the Contract price. The revised “Class” categories – classes Premium, 1, 2, 3 and 4 – and their associated premiums and discounts are detailed in Contract Term 4.03(b) of the revised Contract.

2.2.4 Measurement of Defects and Foreign Matter by Weight

The revised Contract adopts a process whereby certain defects and foreign matter are extracted from a sample and measured by weight. The standards for assessing defects and foreign matter are based upon those laid out in the International Standards Organisation (ISO) document 10470 and their application in ISO 4149. The detailed methodology for measurement of defects and foreign matter by weight can be found in Contract Terms 4.03(b) to 4.06 inclusive as well as in GWP Schedule 2, Procedure 3.2.7.

2.2.5 Introduction of a revised screen test

In addition to the introduction of a revised method for the measurement of defects and foreign matter as outlined in section 2.4 above, the Exchange has determined to adopt a revised screen test as part of the Robusta Coffee grading process. The methodology for screen testing under the terms of the revised Contract is based upon ISO 4150. Details of the methodology can be found in Contract Term 4.03(b) and GWP Schedule 2, Procedure E 3.2.6.

2.2.6 Inclusion of an Olfactory (smell) Test as part of the grading process

In conjunction with the revised grading procedures outlined above, the Exchange will introduce an olfactory (smell) test, based upon ISO 4149. Details of the methodology can be found in Contract Term 4.06(f) and GWP Schedule 2, Procedure E 3.2.4

2.2.7 Adoption of a single Grading Result i.e. no re-grading

The revised Contract introduces a single Grading Result i.e. no re-grading will be permitted, combined with the introduction of a revised age discount structure. The revised age discounts are detailed in Contract Term 3.05(b) and the rules governing eligibility to grade coffee are detailed in Contract Terms 4.08 and 4.09.

2.2.8 Delivery of re-bagged bulk Robusta coffee

An increasing tonnage of Robusta coffee is being shipped from the country of origin in bulk containers i.e. coffee beans that are loose within the container. The revised Contract introduces the option to deliver re-bagged bulk Robusta coffee, in either jute bags each weighing not more than 80kg or Flexible Intermediate Bulk Containers (FIBCs), each containing around 1 tonne of Robusta coffee. The detailed process for the storage and sampling of re-bagged bulk coffee can be found in Contract Terms 5.01 and 5.02 and GWP Schedule 2, Procedures D 3.1.2, D 3.2.1(b), D 3.4.10 and D 3.8.

2.2.9 Sampling from bags and Flexible Intermediate Bulk Containers (FIBCs)

The revised Contract adopts sampling requirements based upon ISO 4072. Therefore, under the terms of the revised Contract, the percentage of bags sampled will be reduced from the current 50% for a 5 tonne lot to 30% for a 10 tonne lot and the size of sample per lot

submitted to the grading room will be reduced from the current 3 kg to 1.5 kg. The detailed process for drawing samples from bags and FIBCs can be found in GWP Schedule 2, Procedure D 3.4.10.

2.2.10 Grading of Grouped Lots

The revised Contract introduces the concept of grouped lots whereby samples representing up to five lots (approximately 830 bags) coming from the same consignment can be blended and graded as a single sample. The detailed process for preparing and grading samples in the form of grouped lots can be found in GWP Schedule 2, Procedures E 3.2.1, E 3.2.3 and E 3.2.4.

3. Transition arrangements during the period of parallel contract listing

3.1 During the period commencing with the availability of the Exchange's new grading, tender and delivery system, Liffe Guardian, and up until 30 January 2009, members will have the option to combine existing 5 tonne lots of Robusta coffee for delivery against the revised Contract in accordance with the requirements outlined below.

3.2 **Eligibility to deliver Robusta Coffee against the revised Contract which consists of 5 tonne lots with Valid Grading Results under the existing Contract and which have been combined to form a 10 tonne lot.**

3.2.1 Two 5 tonne lots may be combined to form a single 10 tonne lot to be delivered under the revised Contract subject to the following conditions.

The two 5 tonne lots forming the 10 tonne lot shall:

- (a) be of the same origin and shipment period (as evidenced by the original date of grading);
- (b) have a Valid Grading Result under the terms of the existing Contract; and
- (c) be stored in the same Warehouse under the control of the same Warehousekeeper.

3.2.2. In respect of 10 tonne lots newly formed from two 5 tonne lots meeting the requirements outlined in 3.2.1 above, Members may apply to the Exchange for a Valid Grading Result under the terms of the revised Contract without the need to submit further samples for grading.

3.2.3. If the Exchange issues a Valid Grading Result under 3.2.2 above, such newly formed 10 tonne lots shall be:

- (a) deliverable as "Class 1" Robusta Coffee under the revised Contract where neither of the 5 tonne lots making up the new 10 tonne lot had been subject to a Screen Allowance and where such lots had been previously graded as either Type 1 or Type 2 CTML standard grade; or
- (b) deliverable as "Class 2" Robusta Coffee under the revised Contract where neither of the 5 tonne lots making up the new 10 tonne lot had been subject to a Screen Allowance and where such lots had been previously graded as Type 3 or 4 CTML standard grade; or
- (c) deliverable as "Class 4" Robusta Coffee under the revised Contract where either of the 5 tonne lots making up the new 10 tonne lot had been subject to a Screen Allowance.

If a different class applies to each of the two 5 tonne lots which together form a new 10 tonne lot, the new 10 tonne lot shall be awarded the lower of those two classes.

- 3.2.4. For the avoidance of doubt, 5 tonne lots which have been combined to create 10 tonne lots shall still be eligible for delivery under the terms of the existing Contract where the two 5 tonne lots remain stored as clearly identifiable 5 tonne lots with their original identity and Valid Grading Results intact.
- 3.2.5 Once two 5 tonne lots have been combined and delivered under the revised Contract as a 10 tonne lot, such lots shall no longer be eligible for delivery under the existing Contract.
- 3.2.6 Age Allowances for 5 tonne lots that have been combined and delivered as a 10 tonne lot under the revised Contract shall apply in accordance with term 3.05(b) of the revised Contract from the date of tender of the new 10 tonne lot. The earliest date of the last grading of the two 5 tonne Valid Grading Results shall be used in calculating the appropriate Age Allowance.

3.3. Eligibility to submit for grading against the revised Contract, Robusta Coffee that has previously been graded under the terms of the existing Contract

- 3.3.1 Robusta Coffee previously graded under the terms of the existing Contract may be submitted for grading under the terms of the revised Contract subject to meeting the requirements of the revised Contract.

3.4 Dates upon which samples may be submitted for grading under the terms of the existing Contract or under the terms of the revised Contract

- 3.4.1 Subject to the requirements of sections 3.2 and 3.3 above, it is envisaged that Robusta Coffee may be submitted for grading under the terms of the revised Contract from 1 July 2008 onwards. Further information will be published by the Exchange in due course.
- 3.4.2 Subject to the requirements of sections 3.2 and 3.3 above, Robusta Coffee may be submitted for grading under the terms of the existing Contract on any business day up to and including the last business day of the last Contract month in which there are open positions under the existing Contract or the last business day of the January 2009 Contract delivery month, whichever is the earlier date. After this date, Robusta Coffee may no longer be submitted for grading under the terms of the existing Contract.

4. Grading and tender fees

- 4.1 Further information in respect of the grading and tender fees applying to the revised Contract shall be published by the Exchange in due course.

5. Margin offsets

- 5.1 It is envisaged that LCH.Clearnet Ltd will provide margin offsets in respect of offsetting long and short positions held in the existing and revised Contracts. Further information on the level of offsets, and their implementation date, will be published in due course.

6. Trading hours

- 6.1 The trading hours for the revised Contract shall be 08.00 hours (London time) to 17.30 hours (London time) and for the associated Option Contract they shall be 08.02 hours (London time) to 17.30 hours (London time). The detailed session times are as follows:

	Session	Pre-	Open	Pre-	Settlement	Close	Session
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	Start	Open		Close			Close
Futures	00:30	06:03	08:00	17:28	17:30	17:30	22:00
Options	00:30	06:03	08:02	17:28	17:30	17:30	22:00

7. Trading arrangements

Members should note that the revised contract and associated Option Contract shall be subject to the same trading arrangements as the existing Contract and associated Option Contract as regards trading subscription requirements, initial price limits and the functionality specified in Annexes One and Two of the Liffe Trading Procedures.

8. Further information

- 8.1 The revised Contract Specifications and Grading and Warehousekeeping Procedures will be made available on the Liffe website (www.nyseuronext.com/liffe) and in the London Handbook (www.nyseuronext.com/londonhandbook in due course.

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

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Attachment 1 to London Notice No. 2986

EXCHANGE CONTRACT NO. 409
ROBUSTA COFFEE FUTURES CONTRACT

CONTRACT TERMS - Issue Date: 27 December 2007

ADMINISTRATIVE PROCEDURES - Issue Date: 27 December 2007

Delivery Months November 2008 onwards

Please refer to London Notice No. 2986, issued on 27 December 2007

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

Terms of Exchange Contract No. 409

1. Interpretation

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

1.02 In these terms and in the Administrative Procedures:

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

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

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

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

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

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

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

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

“cherry” means the fruit of the coffee plant.

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

“clerical errors” means discrepancies of a minor or typographical administrative nature between the information contained in the Warrant and on GATS.

"Class" means the class of a lot as determined by Graders pursuant to term 4.03

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

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

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

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

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

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

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

“delivery area” has the meaning attributed to it in term 3.03.

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

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

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

“foreign matter” means any foreign matter determined to be foreign matter by the Graders pursuant to term 4.05

"Grader" means a LIFFE Registered Robusta Coffee Grader.

“Grading and Warehousekeeping Procedures” means the procedures from time to time implemented by the Board pursuant to the Rules in respect of sampling and storage of Robusta Coffee by Warehousekeepers and grading of Robusta Coffee by the Graders, which may be contained in one or more documents.

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

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

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

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

“Liffe Guardian”, successor platform to the Grading and Tendering System (“GATS”), means the electronic grading, tender and delivery system, or any successor thereto, which, amongst other things, lists parcels and lots stored in a Warehouse for delivery under a Contract.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Seller’s Delivery Notice” means the notice instigating delivery to be made by the Seller to the Clearing House under term 12.

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

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

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

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

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

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

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

“Warrant” means a warrant for the delivery of a parcel or lot stored in a Warehouse which authorises the possessor of such document to transfer or receive the parcel or lot referred to therein and which has not expired.

“Warrant Delivery Instruction Report” means the report made available by the Clearing House to the Seller under term 12.05(b) specifying the order in which Warrants are to be delivered to the Clearing House under term 14.02(a).

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

“Warehousekeeper” means a Warehousekeeper which has been nominated by the Exchange in its absolute discretion to store in its Warehouse either parcels or lots, as the case may be, listed on Liffe Guardian and which appears on the List of Nominated Warehouses and Warehousekeepers published from time to time by Exchange notice.

"Weight Allowance" means a discount, expressed in US\$ per tonne, calculated in accordance with term 5.06.

- 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 referred to herein, are London times.

2. Contract Specification

- 2.01 Each Contract shall be for one or more lots for delivery in the delivery month specified.
- 2.02 A lot shall be an amount of Robusta Coffee which shall be of the same Origin and shipment period and stored in the same Warehouse under the control of the same Warehousekeeper in accordance with the Grading and Warehousekeeping Procedures. Each lot shall have a nominal Net Weight of ten tonnes and shall be made up of Robusta Coffee from not more than two parcels where shipped from Origin in bags or not more than one parcel where shipped from Origin in bulk.

3. Delivery

- 3.01 A Seller shall, in respect of each lot of a Contract, deliver the amount of Robusta Coffee which is required by these terms.
- 3.02 A Seller may only deliver a tender for a lot if, on or before the day and by the time specified for delivery of such tender in the Administrative Procedures, the lot:
- (a) has a Warrant (in respect of each parcel, where applicable);
 - (b) has a Valid Grading Result; and
 - (c) complies with these terms.
- 3.03 Robusta Coffee shall be delivered in bags in a Warehouse which is located in a geographic area (a "delivery area"), which is in London and the Home Counties, or which is in or, in the Board's opinion, sufficiently close to, Amsterdam, Antwerp, Barcelona, Bremen, Felixstowe, Genoa-Savona, Hamburg, Le Havre, Marseilles-Fos, New Orleans, New York, Rotterdam or Trieste. The Board may from time to time delist a delivery area or list any other delivery area which shall have such effect with regard to existing or new Contracts or both as the Board may determine in its absolute discretion.
- 3.04 A Seller shall deliver a lot which conforms to terms 4 and 5 and which is stored in a Warehouse in a clearly identifiable pile of bagged Robusta Coffee, in accordance with the Grading and Warehousekeeping Procedures. The Seller of a lot shall be responsible for any port, landing and delivery charges in respect of that lot.
- 3.05 A Grading Result issued in respect of a lot shall be valid ("Valid Grading Result") if:
- (a) it states that the lot has been graded as "tenderable"; and

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

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

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

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

4. Origin and Quality

4.01 A Seller shall deliver a lot which is of an Origin and quality which complies with this term 4. The Origin and quality of Robusta Coffee shall be determined under terms 4.02, 4.04, 4.05 and 4.06 on the basis of examination in accordance with the procedures required by the Grading and Warehousekeeping Procedures. The quality of a lot shall be evidenced by the Valid Grading Result for such a lot.

4.02 A Seller may deliver a lot of Robusta Coffee from any country of Origin provided that it is freely available for export to any destination.

- 4.03 (a) A lot to be delivered under a Contract may be subject to a Class Allowance as specified in these terms
- (b) A Seller shall deliver under a Contract a lot of Robusta Coffee which shall be deliverable at the Contract price subject to any of the following

applicable Allowances, which shall be calculated on the basis of the Net Weight:

- (i) Premium Class: up to a maximum of 0.5% Defects by weight and up to a maximum of 0.2% foreign matter by weight and a minimum of 90% over Screen 15 round and a minimum of 96% over Screen 13 round per 300g; at an Allowance of \$30 premium per tonne; or
- (ii) Class 1: up to a maximum of 3.0% Defects by weight and up to a maximum of 0.5% foreign matter by weight and a minimum of 90% over Screen 14 round and a minimum of 96% over Screen 12 round per 300g; at Contract price; or
- (ii) Class 2: up to a maximum of 5.0% Defects by weight and up to a maximum of 1.0% foreign matter by weight and a minimum of 90% over Screen 13 round and a minimum of 96% over Screen 12 round per 300g; at an Allowance of \$30 discount per tonne; or
- (iii) Class 3: up to a maximum of 7.5% Defects by weight and up to a maximum of 1.0% foreign matter by weight and a minimum of 90% over Screen 13 round and a minimum of 96% over Screen 12 round per 300g; at an Allowance of \$60 discount per tonne; or
- (iv) Class 4: up to a maximum of 8.0% Defects by weight and up to a maximum of 1.0% foreign matter by weight and a minimum of 90% over Screen 12 round per 300g; at an Allowance of \$90 discount per tonne.

4.04 Defects shall include but shall not be limited to black beans, bean fragments, cherries or mouldy beans.

4.05 Foreign matter shall mean any object which is not a coffee bean or part thereof or a cherry including but not limited to sticks, stones, soil and husks.

4.06 A Seller shall not deliver a lot, and a Valid Grading Result shall not be issued in respect of any lot, to which in the opinion of the Graders upon grading one or more of the following applies:

- (a) the lot is not Robusta Coffee;
- (b) the lot is unsound for any reason other than having the Defects listed in term 4.04 above, as determined by the Graders; or
- (c) the lot contains more than 8.0% Defects by weight per 300g; or
- (d) the lot contains less than 90% Robusta Coffee beans over Screen 12 round; or

- (e) the lot contains more than 1.0% by weight foreign matter per 300g; or
 - (f) the lot has a detectable foreign odour including, but not limited to, mould, fermentation or smoke.
- 4.07 In respect of a lot delivered under a Contract, the Origin as stated in the Bill of Lading shall be prima facie evidence of the relevant Origin of such Robusta Coffee.
- 4.08 Robusta Coffee which has formed part or all of a lot, which has previously been graded as not tenderable by Graders under the terms of this Contract, shall not form part or all of a lot and shall not be delivered by a Seller under a Contract.
- 4.09 Robusta Coffee which has formed part or all of a lot or parcel which has previously been graded as tenderable by Graders under the terms of this Contract, shall not form part or all of a lot to be submitted for re-grading.
5. Packing and Weights
- 5.01 Robusta Coffee to be delivered under a Contract;
- (a) if shipped from Origin in bags, shall be packed in sound bags which are in external good order, are woven from natural fibres, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time; and
 - (b) if shipped from Origin in bulk, shall be packed in;
 - (i) sound bags which are in external good order, are woven from natural fibres, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use, and meet such other criteria as may be prescribed by the Board from time to time; or
 - (ii) sound FIBCs which are sealed, are in external good order, are constructed using woven material such that they prevent condensation occurring during storage, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time.
- 5.02 If the Robusta Coffee was shipped from Origin;
- (a) in bags; each bag of Robusta Coffee contained within a lot and delivered under a Contract shall have a Gross Weight of no more than 80 kilogrammes; or

- (b) in bulk;
 - (i) each bag of Robusta Coffee contained within a lot and delivered under a Contract shall have a Gross Weight of no more than 80 kilogrammes; or
 - (ii) each FIBC of Robusta Coffee contained within a lot and delivered under a Contract shall have a Gross Weight of no less than 900 kilogrammes and no more than 1,100 kilogrammes.
- 5.03 Subject to the Grading and Warehousekeeping Procedures, Robusta Coffee to be delivered under a Contract may be rebagged. Bags shall, at the time of any such rebagging, be previously unused, clean and suitable for food contact use, and shall meet the criteria referred to in 5.01(b) and such other criteria prescribed by the Board from time to time.
- 5.04 Subject to term 5.06 and the Grading and Warehousekeeper Procedures each lot to be delivered by a Seller under a Contract shall be invoiced in accordance with term 10.01. In term 10.01, the “Net Weight” shall be calculated in accordance with this term 5.04 and shall equal:
 - (a) Gross Weight;
 - (b) less the weight of any samples drawn from such lot after it was last weighed; and
 - (c) less the actual bag tare weight of the lot as specified on the Warrant(s).
- 5.05 A Seller shall deliver under a Contract a lot which has a Net Weight within a tolerance of 3% above or below ten tonnes. For the avoidance of doubt, the Buyer shall not reject a lot for not being delivered with a nominal Net Weight of ten tonnes, provided it is delivered within the tolerance band for such lot as specified in this term. The Buyer is entitled to reject a lot which is not within such tolerance band.
- 5.06 Periodic Reweighing:
 - (a) Subject to paragraph (b) below, Robusta Coffee may not be tendered more than twelve months after the last day of the month in which it was last weighed or reweighed. If such period has expired the Robusta Coffee shall, at the Seller's expense, be reweighed before delivery and the Warrant updated accordingly; and
 - (b) Robusta Coffee may be tendered up to 36 months after the last day of the month in which it was last weighed or reweighed, provided that the Seller makes a Weight Allowance in respect of notional loss of weight at the rate of 0.75 per cent per tonne in respect of the second year or part thereof and 0.0625 per cent per tonne in respect of each subsequent month or part

thereof, up to a maximum deduction of 1.5 per cent per tonne. The Weight Allowance shall be calculated on the basis of:

- (i) the Net Weight; and
- (ii) the EDSP.

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

6. Price

6.01 Bids and offers shall be quoted in US Dollars per tonne and prices shall be a whole number multiple of the minimum price fluctuation. The minimum price fluctuation shall be US\$1 per tonne and shall have a value of US\$10 per lot.

6.02 (a) A Warrant shall not be tendered unless Rent is written up (that is to say, the Warrant is endorsed by the Warehousekeeper with the words "Rent Paid") in respect of the period to at least the last calendar day of the month immediately preceding the delivery month.

(b) The Seller shall make an Allowance for any Rent short of the Settlement Day and the Buyer shall make an Allowance, at the same rate, for any Rent written up beyond the Settlement Day. This Allowance shall be known as the Rent Allowance and shall be calculated on the basis of:

- (i) the Gross Weight;
- (ii) the daily rent rate per tonne as published by the Exchange and Clearing House from time to time; and
- (iii) the number of days in respect of which Rent is due.

(c) For the purposes of this term 6.02 references to the Settlement Day are to be construed as references to the fourteenth day after the Tender Day, whether or not it is a business day.

7. Import Duty, Levy or Tariffs

7.01 The notional amount of any import duty, levy or other tariff (other than value added tax) chargeable upon the importation of Robusta Coffee (other than Robusta Coffee which is exempt from any such charge) into the European Union, calculated at the rate thereof in force on the first business day of the delivery month and on the basis of the Exchange's EDSP for that delivery month on the last business day of the immediately preceding month, shall in every case be deducted from the Contract price (whether or not any duty, levy or other tariff, other than value added tax, has actually been paid on the Robusta Coffee) unless the tender documents show that the Robusta Coffee tendered is exempt

from such charge, or the coffee is tendered for delivery in the ports of New York or New Orleans.

- 7.02 The Contract price shall be exclusive of any value added tax which may be or become payable thereon. Any such tax shall be for the Buyer's account.
- 7.03 If any country shall at any time adhere or cease to adhere to any international agreement, convention or treaty the Board may (without prejudice to its powers under any other rule) take any steps it deems necessary or desirable (whether by way of varying these Contract terms or otherwise) for the purpose of reducing or eliminating any effect on the market which in the Board's opinion results from any consequential change in the rate or incidence of any import duty, levy or other tariff charged on Robusta Coffee of any Origin. Such steps may include the adjustment of Contract prices by such Allowances, premiums or other means as may be determined by the Board.

8. Last Trading Day

8.01 On the Last Trading Day:

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

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

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

9. Exchange Delivery Settlement Price ("EDSP")

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

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

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

10. Invoicing Amount

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

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

where:

EDSP = The EDSP for the Tender Day

A = Age Allowance (as per term 3.05)

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

C = Weight Allowance (as per term 5.06)

D = Rent Allowance (as per term 6.02)

E = Import Duty (as per term 7)

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

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

11. Settlement Payments

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

- (a) where the EDSP exceeds the Contract price, payment by the Seller to the 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 as the difference, in US Dollars multiplied by ten in respect of each lot, between the EDSP and the Contract price.

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

12.01 A Seller in whose name one or more Contracts is registered by the Clearing House, or who intends to submit or has submitted one or more Contracts to the Clearing House for registration, shall have given to the Clearing House a Seller's Delivery Notice in respect of each lot comprised in such Contracts which has been allocated a Valid Grading Result and for which the Warrant is immediately available in London, not later than the time on the Tender Day specified for that purpose in the Administrative Procedures.

12.02 A Seller's Delivery Notice shall be presented to the Clearing House by the Seller by such means and in such a form as is prescribed from time to time by the Clearing House. The Seller's Delivery Notice shall in respect of each lot to be delivered by the Seller specify the information set out in the Administrative Procedures and such other information as the Clearing House may prescribe from time to time.

12.03 Subject to term 14.05, a Seller shall not substitute a tender after delivery of the tender to the Clearing House, unless:

- (a) the Seller has obtained the prior consent of the Clearing House, the Clearing House has obtained the Buyer's prior written consent in respect of any lots referred to in the tender which have been allocated to such Buyer under term 12.01 and the Seller has notified the Exchange of the proposed substitution; or
- (b) the Seller is directed by either the Exchange or the Clearing House to make a substitution of the tender, or any of its terms.

12.04 The Clearing House shall not be obliged to accept a tender in respect of one or more lots, unless:

- (a) the tender complies with terms 12.02 and 12.03; and

- (b) the Seller is able to present such other documents or information in respect of such lots as may be required by the Clearing House under term 12.02.

12.05 By the time specified for that purpose in the Administrative Procedures on the Tender Day, the Clearing House shall make available to the Seller:

- (a) details of the invoicing amount payable to the Seller by the Clearing House in respect of each lot to be delivered by the Seller; and
- (b) the Warrant Delivery Instruction Report in respect of all lots to be delivered by the Seller.

13. Allocations and Notifications to the Buyer

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

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

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

14. Delivery

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

14.02 (a) No later than the time specified for that purpose in the Administrative Procedures, the Seller shall deliver to the Clearing House on the Settlement Day the Warrant in respect of each parcel and/or lot in the order shown on the Warrant Delivery Instruction Report.

- (b) The Seller shall ensure that the Warrant is accurate and complete in all respects. Any clerical errors in the Warrant which are notified in writing by the Buyer to the Exchange and the Clearing House within seven business days following the Settlement Day shall be corrected by the

Seller, at the Seller's expense, within seven business days of the Buyer's notification of such errors.

- (c) A Buyer requiring to take up and pay for the Warrant before the Settlement Day ("Early Take-Up") shall give notice to the Clearing House in accordance with Administrative Procedure 5 on the Business Day prior to that on which he wishes to take up the Warrant. The Warrant must be presented to the Clearing House by the Seller on the Business Day following that on which notice is given and must then be taken up by the Buyer, all in accordance with Administrative Procedure 5.
- 14.03 (a) Rent in respect of each lot shall be paid by the Seller in accordance with term 6.02. Each Warrant delivered to the Clearing House in accordance with term 14.02 shall be endorsed by the Warehousekeeper or his agent with the words "Rent Paid" and shall state the relevant day up to and including for which Rent has been paid.
- (b) A Seller or Buyer who delivers or takes delivery of a lot on behalf of another party shall be entitled to recover from such party any tender fee payable to the Clearing House.
- 14.04 The Seller represents and warrants to the Buyer that each lot delivered by the Seller is free from any security interest, lien or encumbrance. The Seller shall indemnify the Buyer on demand against each loss, liability and cost which the Buyer incurs or suffers arising out of any claim made or action brought or threatened against the Buyer alleging infringement of the rights of any third party in respect of any lot delivered by the Seller under a Contract.
- 14.05 (a) If a Warrant is delayed, defaced, lost or destroyed (each an "Event") and the Seller is unable due to such Event to present the Warrant to the Clearing House in accordance with term 14.02, the Seller shall immediately:
- (i) notify the Exchange and the Clearing House, who shall promptly notify the Buyer; and
 - (ii) specify: the circumstances of such Event; the date by when the Seller shall present the Warrant, or a replacement Warrant, to the Clearing House; and such other information as the Clearing House may require from time to time.
- (b) Should an Event occur, and provided that the Buyer has been notified and has given the relevant consent in accordance with term 12.03, the Seller may substitute a tender during the delivery month. In the case of a dispute in respect of a substitution, the dispute shall be referred to the Board which must be satisfied that substitution within the delivery month is justified by the circumstances before allowing it to proceed.

(c) Without prejudice to any action taken by the Clearing House under its default rules or term 16, if an Event occurs and the Seller elects to substitute a tender but the Buyer does not consent to this and the Seller then fails to present the Warrant to the Clearing House in accordance with term 14.02 and the Administrative Procedures:

(i) the Seller shall be deemed to be in default in performance under term 16; and

(ii) the Clearing House may take such steps as it deems appropriate in its absolute discretion under term 16 including, without limitation, term 16.06(a).

14.06 No later than the time specified for that purpose in the Administrative Procedures, the Clearing House shall make payment to the Seller of the invoicing amount on the Settlement Day in respect of each lot delivered by the Seller in accordance with these terms and the Regulations.

14.07 No later than the time specified for that purpose in the Administrative Procedures, the Buyer shall, if the Buyer has paid the invoicing amount in respect of a lot, take up each Warrant in respect of such lot on the Settlement Day in respect of each lot allocated to the Buyer, in accordance with these terms and the Regulations. Each Warrant is to be taken up by the Buyer without prejudice to the reference of any claim or dispute to arbitration. The Clearing House is under no obligation to make available for collection a Warrant to the Buyer if the Buyer has not paid the invoicing amount in respect of the lot which is the subject of the Warrant.

14.08 Without prejudice to any steps taken by the Clearing House under term 16, if payment is not made or, if payment is made by the Buyer but the Warrant in respect of a lot allocated to the Buyer is not taken up by the time and on the day prescribed for that purpose in the Administrative Procedures, the Clearing House may sell the lot in respect of which payment has not been made or a Warrant has not been taken up. Any surplus or deficit resulting from such sale, with an account for interest and the costs of sale, shall be settled between the Clearing House and the Buyer forthwith.

14.09 A Buyer shall be deemed to have accepted a lot delivered under term 14.02, by 17.00 on the Acceptance Date unless the Buyer has, within such period, notified the Exchange and the Clearing House in accordance with the Rules, of the Buyer's intention to refer a claim or dispute to arbitration. The Clearing House will promptly notify the Seller of the Buyer's notification.

14.10 Without prejudice to the provisions of terms 14.04 and 16, a failure by the Seller or Buyer to comply with its obligations under any of the provisions of terms 12, 13 or 14, as the case may be, shall constitute a default in performance entitling the Clearing House forthwith to take steps under any of the provisions of term 16. Any action taken by the Clearing House shall be without prejudice to any

rights, obligations or claims of the Seller or the Buyer or the Clearing House and any costs, claims, losses, taxes or expenses of whatsoever nature incurred or suffered by the Clearing House in connection with such action shall be paid by the party in default in performance, whether that be the Seller or the Buyer.

15. Property and Risk

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

- (a) from the Seller to the Clearing House as Buyer, upon the later of:
 - (i) the delivery by the Seller to the Clearing House of the Warrant in respect of such lot; and
 - (ii) the payment by the Clearing House of the invoicing amount in respect of such lot in same day or immediately available, freely transferable, cleared funds; and
- (b) from the Clearing House as Seller to the Buyer, upon the later of:
 - (i) the payment by the Buyer to the Clearing House of the invoicing amount in respect of such lot in same day or immediately available, freely transferable, cleared funds; and
 - (ii) the take up of the Warrant in respect of such lot by the Buyer.

16. Default in Performance

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

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

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

- (a) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed in accordance with these terms, the Rules and the Administrative Procedures and the Regulations; or

- (b) he fails to pay any sum due to the 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, he is in default in performance.
- 16.04 If a default occurs, this term 16 shall entitle the Clearing House to declare a default in performance. For the avoidance of doubt, neither the Buyer nor the Seller shall be entitled to declare a default in performance under this term 16.
- 16.05 Errors in a notice, which are determined in the Clearing House's absolute discretion to be clerical errors which can be readily rectified and are rectified, shall not be treated as constituting a default in performance.
- 16.06 Subject to terms 16.07(b) and 16.11, if it appears to the 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, the Buyer 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 20;
 - (b) without prejudice to any of its other rights under this term 16, refer to the Board any dispute or issue arising between any of the parties. If upon such reference, the Board is of the opinion that the default in performance is of minor significance it shall determine any such dispute or issue between such parties upon such evidence as it may deem relevant and convey its findings to such parties who shall forthwith accept such determination and shall implement its terms without question, provided that such acceptance and implementation shall be without prejudice to the right of any party to refer the dispute or any related dispute to arbitration under term 20; or
 - (c) take any steps whatsoever which may appear desirable to the Clearing House for the protection of the Clearing House or of the party, either Seller or Buyer, which is not in default in performance including, without prejudice to the generality of the foregoing, any steps in order to perform its obligations to a party under a registered Contract.
- 16.07 If, within five business days of the default in performance having come to the attention of the 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 16.06(b), then each lot of Robusta Coffee the subject of the dispute or issue shall be the subject of cash settlement at a price fixed by the Board in consultation with the 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.

- 16.08 Any cash settlement price fixed under term 16.07 shall be binding on the parties. No dispute as to the price may be referred to arbitration but the completion of cash settlement shall be without prejudice to the right of either party to refer any other dispute or issue between them to arbitration under term 20.
- 16.09 Any costs, claims, losses, taxes or expenses of whatsoever nature suffered or incurred by the 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 20), obligations or claims of the Buyer, the Seller or the Clearing House in relation to a Contract to which the default in performance relates.
- 16.10 A Buyer or Seller who is in default in performance under this term 16 shall forthwith pay to the Clearing House any sums payable by it under term 12 and any sums payable pursuant to this term 16.
- 16.11 Notwithstanding that a Buyer or Seller may be in default in performance under this term 16, the Clearing House may in its absolute discretion determine not to exercise or to delay in exercising any of its rights under this term 16, and no failure by the 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.
- 16.12 A Buyer, a Seller or the Clearing House may refer a dispute or issue arising out of a default in performance under this term 16 (subject always to the application of provisions of terms 16.06, 16.07 and 16.08) to arbitration under term 20.
- 16.13 The provisions of this term 16 relating to steps that may be taken by the 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.

17. Force Majeure

- 17.01 Subject to term 17.02, a “Force Majeure event” shall mean an event beyond the reasonable control of either party to a Contract which delays, hinders or prevents the performance in whole or in part by a party of his obligations under the Contract (other than an obligation to make a payment), including, without limitation, act of God, storm, flood, earthquake, fire, explosion, malicious damage, accident howsoever caused, strike, lock-out, labour dispute, riot, civil commotion, war whether declared or undeclared, armed conflict, use of force by authority of United Nations, act of terrorism, act of government or other national or local authority or any agency thereof, breakdown of machinery, and unavailability, restriction, failure or delay in or computer or data processing systems or communication or energy supplies or bank transfer systems.
- 17.02 The following shall not be a Force Majeure event: the failure for whatever reason of a computer or other electronic facility to accept a notification made by a Seller or a Buyer (other than the Clearing House) as required by these terms and the Administrative Procedures; or the delay, defacement loss or destruction of a Warrant as described in term 14.05.
- 17.03 A party to a Contract shall not be entitled to rely upon this term 17. 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. A further notice shall be given immediately after the Force Majeure event has ceased.
- 17.04 Upon the request of the Clearing House or the Exchange, a party seeking relief under this term 17 shall promptly provide such other information as required by the Clearing House or the Exchange to assist the Board in determining whether a Force Majeure event has occurred. If a Force Majeure event has occurred, neither party will be deemed in default in performance of its obligations under a Contract if such party was unable to perform its obligations as a direct result of the occurrence of such Force Majeure event nor will any penalty or damages be payable if and to the extent that performance of any obligation is delayed hindered or prevented by a Force Majeure event.

17.05 Subject to any steps taken at any time by the Board under emergency powers in the Rules and subject to the default rules from time to time in force of the Clearing House, if the Board determines under term 17.04 that a Force Majeure event has delayed, hindered or prevented a party from performing any obligation under a Contract for a period of at least five Business Days beyond the time limit fixed in or under the Contract any lot or part thereof not delivered to the Buyer, shall be the subject of cash settlement at a price to be fixed by the Board in consultation with the 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.

18. New Legislation

18.01 Subject to any steps taken by the Board under the emergency powers in the Rules, and without prejudice to any other powers of the Board to vary the terms of any Contract (existing or future) if the Board in its absolute discretion determines that a change of legislative or administrative provisions in the United Kingdom, the European Union, any country or group of countries or of an institution or market organisation in any country or group of countries, has affected, is affecting or is likely to affect the normal course of business or the performance of these terms or the Administrative Procedures, the Board shall have the power to vary these terms (including without limit those of any existing Contract) in any way it considers necessary for restoring or preserving the orderly course of business or performance of these terms or the Administrative Procedures.

18.02 A variation pursuant to term 18.01 may be made notwithstanding that it may affect the performance or value of an existing Contract (or of such existing Contracts as may be specified by the Board). Without limitation of its powers hereunder the Board will use its best endeavours to keep any variation to the minimum considered reasonably necessary to achieve the purpose of this term.

18.03 Any determination made by the Board under this term 18 shall be the subject of an Exchange notice. Any such variation of these terms or Administrative Procedures shall take effect at such time and for such period as may be specified in the Exchange notice and may be modified or revoked by a subsequent variation by the Board made under this term 18.

18.04 A Contract affected by a variation under this term 18 shall remain in full force and effect subject to such variation and neither party shall be entitled to repudiate such Contract or treat it as frustrated except so far as may be allowed by the Board.

19. Articles, Rules and Regulations

19.01 Every Contract shall be subject to the Articles and the Rules and the Regulations insofar as applicable notwithstanding that either or both of the parties to it are not a member of the market or of the Clearing House.

19.02 In case of any conflict between the Administrative Procedures and these terms or the Rules, the provisions of these terms and the Rules shall prevail and in the event of any conflict between these terms and the Rules, the Rules shall prevail.

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

20. Arbitration

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

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

21. Law and Jurisdiction

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

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

22. Non-Registered Contracts

22.01 In respect of a Contract which is not a registered Contract (“non-registered Contract”) these terms shall be modified so as to require and allow that a Contract to be registered with the 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.

23. Statement in relation to the Tender Process

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

"Statement in relation to the Tender Process:

Potential users of the Robusta Coffee Futures Contract should familiarise themselves with the Contract Terms and Administrative Procedures. Potential users should also be aware of and familiarise themselves with the Transition Arrangements during the period of parallel listing when the new Robusta Coffee Futures Contract comes into force. These arrangements will apply until 30 January 2009. In particular, they should be aware of the process covering lots graded under the old Robusta Coffee Futures Contract and delivered under the new Robusta Coffee Futures Contract."

Issue Date: 27 December 2007

Robusta Coffee Futures Contract

Exchange Contract No. 409

Administrative Procedures

1. Settlement Procedures.

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

2. Tender Day

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

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

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

- (a) the name of the Seller and details of the Seller's agent, if any;
- (b) details of the number of lots to be delivered under the Contract;
- (c) details of the delivery area for each lot and Warehousekeeper in whose Warehouse each lot is stored;
- (d) details of the Warrant number and Valid Grading Result number for each parcel;
- (e) details of the account designation of each parcel (e.g. house or client); and

- (f) such other information as the Clearing House may prescribe from time to time.

After 12.00 hours

The Clearing House allocates the Robusta Coffee to the Buyers in accordance with the Clearing House Procedures.

The Clearing House will make available to the Seller:

- (a) details of the invoicing amount payable to the Seller in respect of each lot to be delivered on the Settlement Day; and
- (b) the Warrant Delivery Instruction Report which details the order in which the Warrants must be presented by the Seller under Term 14.02.

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

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

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

By 13.00 hours

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

3. Last Trading Day

At 12.30 hours

Trading in Contracts for the relevant delivery month shall cease.

By 13.30 hours

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

By 14.30 hours

Remaining open positions automatically become delivery contracts.

Sellers must transmit tender details to the Clearing House.

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

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

The Clearing House will make available to the Seller:

- (a) details of the invoicing amount payable to the Seller in respect of each lot to be delivered on the Settlement Day; and
- (b) the Warrant Delivery instruction Report which details the order in which the Warrants must be presented by the Seller under term 14.02.

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

4. Settlement Day

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

By 12.00 hours The Seller shall have given to the Clearing House, in accordance with term 14.02(a), Warrants in respect of each lot.

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

The Buyer shall collect from the Clearing House the Warrants, which it has been allocated under these terms.

5. Early Take Up

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

By 12.00 hours The Warrant must be presented to the Clearing House by the Seller by 12.00 hours on the business day following that on which notice is given, and must be taken up by the Buyer as soon as possible after 14.00 hours, provided that payment has been made by the Buyer.

6. Acceptance of a Lot

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

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

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

Issue Date: 27 December 2007

EXCHANGE CONTRACT NO. 501

OPTIONS ON COMMODITY CONTRACTS

CONTRACT TERMS

Issue Date: 27 December 2007

Expiry Months:	Cocoa Option:	March 2007 onwards
	Wheat Option:	March 2007 onwards
	Robusta Coffee Option:	March 2007 to September 2008
	Robusta Coffee Option ¹ :	November 2008 onwards
	White Sugar Option:	March 2007 onwards
	Raw Sugar Option:	May 2007 onwards

¹ From the November 2008 Expiry Months onwards, the underlying Futures Contract for Robusta Coffee Options will be the revised Robusta Coffee Futures Contract, Exchange Contract No. 409. Please refer to London Notice No. 2986 issued on 27 December 2007

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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: 27 December 2007

TEMPORARY SCHEDULE 2

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

This Temporary Schedule 2 to the GWPs has been established to set out additional Section B interpretations, Section D procedures for Warehousekeepers and Section E Trading procedures for Robusta Coffee (Exchange Contract No. 409).

It is anticipated that these additions to the GWPs will be effective from 1 July 2008, in accordance with Section 3.4 of London Notice No. 2985. This Temporary Schedule 2 will be consolidated into the main body of the GWPs after cessation of the transitional arrangements.

All references to "Schedule 2" in this document relate to this Temporary Schedule 2.

Section B Interpretation

"abnormal odour" means any disagreeable odour or any odour foreign to coffee.

"bag" shall mean bag of a type described in Schedule 2, Procedure D 3.1.1.1 (a).

"coffee bean" means the dried seed of the coffee plant.

"Defects" means any defect determined to be a defect by the LIFFE Registered Robusta Coffee Graders pursuant to Contract term 4.04.

"FIBC" shall mean Flexible Intermediate Bulk Container of a type described in Schedule 2, Procedure E 3.1.2.1 (a) (ii).

"grading sample" means a quantity of not less than 1.5 kilograms of Robusta Coffee obtained pursuant to Schedule 2, Procedure D 3.4.9 or D 3.4.10.

"grouped lots" shall mean two to five lots of Robusta Coffee which have been declared by the Owner and Member and confirmed by the Warehousekeeper as grouped lots for grading purposes; the Robusta Coffee of which is from one Origin, ex one Vessel shipped on one Bill of Lading, and stored in the same Warehouse under the control of the same Warehousekeeper. The results obtained by collectively grading samples from grouped lots under Schedule 2, Procedure D 3.4.2 shall apply to the individual lots.

"laboratory sample" means the quantity of not less than 300 grams removed from the grading sample pursuant to Schedule 2, Procedure E 3.2.2.3 or E 3.2.3.5.

"lot" has the meaning attributed to it in Contract term 2.02.

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

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

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

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

3. Robusta Coffee (Exchange Contract No. 409)

3.1 Piling of Robusta Coffee

3.1.1 Robusta Coffee Shipped from Origin in Bags

3.1.1.1 Subject to Schedule 1 of these Procedures, in respect of Robusta Coffee listed on Liffe Guardian, the following storage requirements shall be observed:

- (a) each lot shall all be packed in sound bags which are in external good order, are woven from natural fibres, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time;
- (b) each parcel or lot shall be stored on pallets at ground level, with the exception of multi-storey Warehouses with wooden floors where the bags of Robusta Coffee may be stored directly on the floor;
- (c) the Robusta Coffee comprising a parcel or lot shall be stored, subject to Schedule 2, Procedure D 3.1.1.1 (d) together in a single row or pile;
- (d) subject to Schedule 1 of these Procedures, where a lot or parcel is composed of palletised bags, the bags on each pallet shall relate only to that lot or parcel. Where there is a balance of bags making up a parcel or lot which is insufficient to fill a pallet to capacity those remaining bags shall be exclusively stored on a pallet which shall be marked in accordance with Schedule 2, Procedure D 3.2 and placed either on top of the column of pallets comprising the majority of the lot or parcel or at the end of the row in which the lot or parcel is piled;
- (e) Robusta Coffee shall be stored with a gap of at least 45 centimetres:
 - (i) from any wall
 - (ii) from any other Robusta Coffee or other goods to allow compliance with Schedule 2, Procedure D 3.1.1.1 (f); and
- (f) at least 40% of the bags in a parcel or lot must be accessible for inspection. Where the parcel or lot is composed of palletised bags stored in columns or rows, at least one side of each pallet shall be readily accessible for inspection.

3.1.1.2 A lot may not, in whole or in part, be comprised of Robusta Coffee which previously comprised a lot graded under Schedule 2, Procedure E 3.

3.1.2 Shipped from Origin in Bulk

3.1.2.1 In respect of Robusta Coffee listed on Liffe Guardian the following storage requirements shall be observed:

- (a) Each lot shall all be packed in either;
 - (i) sound bags which are in external good order, are woven from natural fibres, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time and which shall have a Gross Weight of no more than 80 kilograms and shall comply with Schedule 2, Procedure D 3.1.1.1; or
 - (ii) sound FIBCs which must be sealed by means of a numbered and suitably recorded seal, are in external good order, are constructed using woven material such that they prevent condensation occurring during storage, are of sufficient strength to withstand transit and storage, are previously unused, clean and suitable for food contact use and meet such other criteria as may be prescribed by the Board from time to time and which shall have a Gross Weight of no less than 900 kilograms and no more than 1,100 kilograms and shall comply with Schedule 2, Procedure D 3.1.2.1 (b) to (f) inclusive.
- (b) Each Lot shall be stored on pallets at ground level.
- (c) The Robusta Coffee comprising a lot shall be stored together in a single row or pile;
- (d) Robusta Coffee stored in one FIBC may only relate to the same lot.
- (e) Robusta Coffee shall be stored with a gap of at least 45 centimetres:
 - (i) from any wall; and
 - (ii) from any other Robusta Coffee or other goods to allow compliance with Schedule 2, Procedure D 3.1.2.1 (f); and
- (f) all of the FIBCs must be accessible for inspection.

3.1.2.3 A lot may not, in whole or in part, be comprised of Robusta Coffee which previously comprised a lot graded under Schedule 2, Procedure E 3.

3.2 Identification of a parcel or lot

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

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

3.3 Weighing of a parcel or lot

3.3.1 A parcel or lot shall be weighed or reweighed:

- (a) when the parcel or lot is piled for tendering;
- (b) each time the Robusta Coffee contained in the parcel or lot is re-bagged in accordance with Schedule 2, Procedure D 3.8; and
- (c) each time the parcel or lot is moved or is the subject of a change in control, in accordance with Procedures D 1.19 to D 1.24, as the case may be.

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

3.3.3 The tare weight of the bags or FIBCs shall be that ascertained when the goods were originally entered into GATS or Liffe Guardian.

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

3.4 Sampling of a parcel or lot

- 3.4.1 In respect of a parcel or lot which is to be graded pursuant to Schedule 2, Procedures 1 and 3, the member or, if he is not the Owner of the Robusta Coffee, the Owner on whose behalf the member is making the application for grading, shall instruct the Warehousekeeper in writing to draw a sample from the parcel or lot to be graded.
- 3.4.2 If two to five lots are to be sampled from the same consignment, and those lots consist of Robusta Coffee from one Origin, ex one Vessel shipped on one Bill of Lading, and stored in the same Warehouse under the control of the same Warehousekeeper then the Owner may instruct the Warehousekeeper to draw and present the individual samples to be graded as grouped lots.
- 3.4.3 Where the Warehousekeeper has provided sampling notification to the Exchange on any business day by 12:00 hours London time, sampling may commence on the following business day. Where sampling notification is received after this time, sampling may only begin on the second business day. The Warehousekeeper shall advise the Exchange whether or not the samples are to be delivered to be graded as grouped lots. The Warehousekeeper shall:
- (a) draw the sample in accordance with these Procedures;
 - (b) upon completion of drawing the sample, send the sample direct to the Grading Room, for assessment by a Grading Panel appointed by the Exchange. Samples forming grouped lots shall all be presented to the Grading Room together;
 - (c) input the Lotting Account details onto Liffe Guardian dated no later than two business days after the date of the drawing of the sample; and,
 - (d) if the parcel or lot has been formed from Robusta Coffee newly arrived at the Warehouse and has been sampled under the provisions of Procedure D 1.5, inform the Exchange no later than two business days after the date of the drawing of the sample of the number of the warrant which represents that parcel or lot.
- 3.4.4 Subject to Procedure D 1.5.7 and D 1.5.8, if sampling is to occur outside of normal Port working hours and that the sampling is deemed to require supervision, then this is to occur at times mutually agreed between the Warehousekeeper and the Exchange.
- 3.4.5 Before sampling, the parcel or lot identified correctly in accordance with Schedule 2, Procedure D 3.2 shall be inspected by the Warehousekeeper and, if supervised, the Supervision Company shall confirm:
- (a) that the Goods comply with Schedule 2, Procedure D 3.1; and
 - (b) all sampling apparatus is clean, dry and free from foreign odours.

- 3.4.6 Where one or both of the conditions in Schedule 2, Procedure D 3.4.5 are not met the Warehousekeeper or, if supervised, the Supervision Company shall immediately contact the Exchange which shall determine what action shall be taken before sampling can commence.
- 3.4.7 Any sample to be presented to the Grading Room shall be drawn and sealed, all of which is to occur on the same day. All samples forming grouped lots shall be drawn and sealed on the same day.
- 3.4.8 Where a lot is to be formed of two parcels, a sample from each parcel must be submitted for grading and both samples must be covered by a Valid Grading Result for the lot to be tenderable. Where a sample relating to a parcel is graded not tenderable then the whole lot comprising of both parcels shall be not tenderable. The parcel comprising such lot which was graded as tenderable may not be combined with another tenderable parcel to form a tenderable lot.
- 3.4.9 In respect of each sample drawn from a parcel or lot stored in bags:
- (a) a grading sample of 1.5 kg minimum weight shall be drawn which; shall be representative of the parcel or lot as a whole, and shall be taken randomly from a minimum of 30% of the number of sound bags forming the parcel or lot and over the full height and width of the parcel or lot directly into a clean, dry, empty and odourless cotton or linen sample bag; with a tare not exceeding 100 g to be presented to the LIFFE Grading Room.
 - (b) The sample bag shall be sealed with the Warehousekeeper's seal and also if supervised the Supervision Company's seal. The following minimum details shall be marked on the bag:
 - (i) the Warehousekeeper responsible for drawing the sample;
 - (ii) Warrant number;
 - (iii) Port;
 - (iv) date on which sample was drawn.

3.4.10

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

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

- (b) The bulk sample, which shall be a minimum of 12.5 kg, shall be quartered to provide a grading sample of 1.5 kg minimum weight. The balance of the bulk sample shall be returned to the relevant lot before the FIBCs are sealed and weighed;
- (c) the grading sample shall be placed in a clean, dry, empty and odourless cotton or linen sample bag with a tare not exceeding 100 g.
- (d) The sample bag shall be sealed with the Warehousekeeper's seal, and also if supervised the Supervision Company's seal. The sample bag shall be marked as specified in Schedule 2, Procedure D 3.4.9 (b);

3.5 Submission of a Sample

- 3.5.1 A Warehousekeeper shall draw a grading sample in accordance with Schedule 2, Procedure D 3.4, and shall submit such sample directly to the Grading Room for grading. Customs duties, if any, shall be for the account of the Warehousekeeper.
- 3.5.2 Grading samples, and the related application for grading, must be submitted directly to the Grading Room within 28 calendar days of the date on which they were drawn.
- 3.5.3 The Exchange may at its sole discretion, designate the time or day at which samples may be delivered to the Grading Room.

3.6 Lotting Accounts

- 3.6.1 Lotting Account details shall include the following:
 - (a) Origin;
 - (b) Name of vessel, flight number, or identity of land carriage, as the case may be;
 - (c) Number of bags comprising the parcel or lot;
 - (d) Warehouse in which stored;
 - (e) Final day of landing;
 - (f) Date on which delivery into the Warehouse was completed;
 - (g) Final day of original weighing;
 - (h) Gross weight, tare, total weight of sample, or samples, drawn, net weight and date on which last weighed;
 - (i) Warrant number;
 - (j) Date on which last sampled;

- (k) The name of the Nominated Supervisor instructed to supervise the drawing of the sample in instances where the Exchange has nominated a Supervisor under Procedure D 1.5;
- (l) Whether the parcel or lot is subject to preferential or non-preferential rate of duty; and
- (m) Where the parcel or lot is subject to preferential duty, that the documents referred to in the contract terms are available in accordance with those terms.

3.6.2 All Lotting Account details shall be input by the Warehousekeeper issuing the Warrant in respect of that parcel or lot.

3.7 Fumigation and Fogging

3.7.1 Pursuant to Procedure D 1.15.2 (e), the cost of fumigating and fogging of Robusta Coffee stored in accordance with the Robusta Coffee Contract terms shall be for the account of the Warehousekeeper.

3.7.2 In the event of LIFFE Registered Robusta Coffee Graders finding live infestation in a sample, the Owner of the Robusta Coffee may submit a new sample together with documentary evidence from the Warehousekeeper that the relevant parcel or lot has been fumigated.

3.7.3 The cost of such fumigation and/or fogging shall be for the owners account where:

- (a) the Robusta Coffee stored in a Warehouse is sold other than under a Contract; or
- (b) a Phytosanitary Certificate is required, or
- (c) the Owner requests the Robusta Coffee to be fumigated notwithstanding the apparent absence of infestation.

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

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

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

3.8 Re-bagging of Robusta Coffee stored in Unsound or Damaged Bags

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

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

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

and request approval to re-bag the Robusta Coffee.

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

3.8.4 Where such re-bagging occurs, the Warehousekeeper shall re-bag the Robusta Coffee into bags or FIBCs meeting the criteria prescribed by the Exchange from time to time. Where the Exchange has appointed a supervisor, the re-bagging shall only take place in the presence of such supervisor.

Section E Grading Procedures in respect of Robusta Coffee (Exchange Contract No. 409)

1. GENERAL

1.1 LIFFE Grading Operations

1.1.1 The grading operations necessary to support the LIFFE Robusta Coffee Futures Contracts are managed by the Exchange's Market Operations Department.

1.1.2 In respect of grading operations, the Market Operations Department is responsible for:

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

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

1.2 Application and Qualification as a LIFFE Registered Robusta Coffee Grader

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

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

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

1.2.4 All applicants who successfully complete the examination process must sign a Grader's Letter of Undertaking before undergoing a series of "grading observations", the nature and duration of which shall be determined by the Exchange.

1.2.5 Notwithstanding that an applicant has complied with Schedule 2, Procedure E 1.2.1 to E 1.2.4, the Exchange may, in its absolute discretion, deny the applicant registration as a LIFFE Registered Robusta Coffee Grader.

1.2.6 The Exchange may require a Grader to undergo a series of grading observations as specified in Schedule 2, Procedure E 1.2.4, if the Grader has not participated in a Grading Panel for six months or more.

1.3 Conduct of Graders

1.3.1 A Grader must act in accordance with the standards required by these Procedures and the Grader's Letter of Undertaking.

1.3.2 During the course of grading, whilst conducting other duties pertaining to their office or while on the Exchange's premises, a Grader shall maintain the highest standards of professional conduct and orderly behaviour.

1.3.3 Where a Grader is called to join a Grading Panel or Appeal Panel, as the case may be, and the Grader is, or becomes, aware that the company of which he is an employee, or any Related Company, has an interest in Robusta Coffee that is the subject of the relevant application for grading, he shall inform the Exchange of such interest immediately. The Exchange shall either:

- (a) arrange for the Grading Panel or Appeal Panel, as the case may be, of which such Grader is a member, to grade samples in which there is no such interest; or
- (b) defer grading until such time as another Grading Panel or Appeal Panel, as the case may be, can be constituted, or where circumstances are such that grading cannot be deferred, call another Grader to replace the Grader on the relevant Grading Panel or Appeal Panel.

1.3.4 If a member of a Grading Panel or Appeal Panel is believed, in the opinion of a Senior Grader or a member of the Market Operations Department, as the case may be, or an exchange official, to be under the influence of alcohol or drugs, such Grader will not be permitted to undertake grading on behalf of the Exchange.

1.3.5 While in the Grading Room, a Grader must refrain from behaviour which might distract any member of another Grading Panel or Appeal Panel.

1.3.6 A Grader should not observe the grading taking place at other Grading Stations or confer with other Graders not forming part of his Grading Panel or Appeal Panel, in respect of samples that such Grading Panel or Appeal Panel are grading. A Senior Grader may upon request, however, give his advice or opinion to another Grading Panel if it has been sought. If the Senior Grader

whose opinion is sought knows he has an interest in the relevant sample he must decline to give such advice or opinion.

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

1.4 Interested parties

- 1.4.1 A Grader who is employed by, or otherwise associated with, a company which is an interested party with regard to any parcel or lot, shall not be appointed to, and must not knowingly participate in, a Grading Panel or an Appeal Panel in respect of such parcel or lot. Whether such association exists shall be at the sole determination of the Exchange.
- 1.4.2 The following are interested parties for the purpose of Schedule 2, Procedure E 1.4.1:
- (a) the applicant for grading;
 - (b) the Owner of the Goods; and

- (c) where either the applicant or Owner of the Goods is a company, a Related Company.

1.4.3 Notwithstanding Schedule 2, Procedures E 1.4.1 and E 1.4.2, a Grading Result shall not be invalidated in the event that the parcel or lot to which it applies is subsequently received, by way of tender against an Exchange Contract, by a company which employs, or is otherwise associated with a Grader who participated in the grading of such parcel or lot.

1.5 Termination of Registration as a Grader

1.5.1 The registration of a Grader may be terminated:

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

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

1.6 Grading and Appeal Panels

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

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

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

Grading Panel or Appeal Panel undertaking the grading of such sample;
and

- (c) a Grader will not form part of an Appeal Panel if such Grader formed part of the Grading Panel that originally graded such sample.

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

1.7 Grading Appeals

1.7.1 There shall be no appeal in respect of a parcel or lot of Robusta Coffee graded as tenderable. The applicant member may appeal the Grading Result in respect of a parcel or lot graded as not tenderable, provided such appeal is made in accordance with these Procedures and within five business days after the date of the Grading Result.

1.7.2 An appeal may only be lodged by the applicant member. A written notice of appeal shall be sent to the Exchange and shall include a clear statement of the grounds on which the appeal is made and shall be accompanied by:

- (a) the appeal fee prescribed by the Exchange from time to time; and
- (b) details of the relevant Warrant number.

1.7.3 For a lot or parcel graded individually the original sample shall be submitted within ten business days after the date of the Grading Result. For grouped lots, sample material weighing a minimum of 1.5kg representing the grading sample in Schedule 2, Procedure E 3.2.2. shall be submitted within ten business days after the date of the Grading Result.

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

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

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

1.8 Grading and Appeal Fees

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

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

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

1.9 Liability for Grading

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

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

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

1.10 Application for Grading

1.10.1 An application for grading shall be made by a member, via Liffe Guardian.

1.10.2 A member may apply to the Exchange for grading of a lot or grouped lots at any time, subject to Schedule 2, Procedure E 1.10.3.

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

1.11 Grading Process – General

1.11.1 Upon receipt of one or more applications for the grading of Robusta Coffee pursuant to the relevant Contract terms and these Procedures, or if otherwise required to do so under Schedule 2, Procedure E 1.7, the Exchange shall, at its absolute discretion, convene a Grading Panel or Appeal Panel, as the case may be. Such Grading Panel or Appeal Panel shall consist (subject to Schedule 2, Procedure E 1.6.2) of a minimum of three Robusta Coffee Graders in respect of a lot or grouped lots.

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

1.11.3 Grading will only commence once all the Graders selected to form a Grading Panel or Appeal Panel are present at the relevant Grading Station, and ready to commence.

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

- (a) the details on the sample bag correspond to the details on the grading application sheet;
- (b) the seal(s) on the sample is/are in place and intact; and
- (c) the sample does not weigh less than the weight prescribed in these Procedures for a sample from the relevant parcel or lot.

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

1.11.5 If the details on a sample bag do not correspond to those on the relevant application for grading, a member of the Market Operations Department will advise the applicant member. The applicant member, or, if he is not the Owner of the Goods, the Owner on whose behalf the member is making the application for grading, may arrange for either the Warehousekeeper, or his appointed agent, to alter the details on the sample bag and initial and stamp the alteration. Where alterations are required to be made to Lotting Account details, the Warehousekeeper shall provide details of such alterations to a member of the Market Operations Department, who shall advise on action to be taken in respect of Liffe Guardian.

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

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

1.11.8 If the members of the Grading Panel determine, in their absolute discretion, that the sample contents do not correspond with the details on the sample bag and the relevant application for grading, the Grading Panel shall immediately advise a member of the Market Operations Department. The member of the Market Operations Department shall consult with the Senior Grader of the relevant Grading Panel and determine the course of action that should be taken. If the Senior Grader and the member of the Market Operations Department are unable, for whatever reason, to agree a course of action the matter shall be immediately referred to the Head of the Exchange's Market Operations Department who will determine what action shall be taken by the

Exchange. The applicant member will be informed of the course of action determined by the Exchange.

- 1.11.9 Should at any time a Grading Panel discover live infestation in a sample, the grading of that sample will be discontinued and the sample contents will be returned to the sample bag which shall be sealed and marked as having live infestation. The grading sheet will be marked accordingly and a member of the Market Operations Department will instruct the applicant member to make arrangements for the sample(s) to be removed within 24 hours. If the member fails to remove the sample(s) within 24 hours of notification, the Exchange may, at its absolute discretion, arrange for its, or their, disposal. Subject to Schedule 2, Procedure D 3.7.2, a member may submit a new sample, or samples, of the relevant parcel, lot or grouped lots for grading in accordance with Schedule 2, Procedure E 1.10.
- 1.11.10 Where a lot comprises of two parcels and live infestation is discovered in the sample relating to one parcel only, the Grading Panel shall continue to grade the sample in respect of the other parcel comprising such lot. The Exchange shall notify the applicant member of the Grading Result in respect of the uninfested parcel by such means and in a form prescribed by the Exchange from time to time.
- 1.11.11 Subject to Schedule 2, Procedure D 3.7.2 a member may submit a new sample in accordance with Schedule 2, Procedure E 1.10, in respect of the parcel which is infested.
- 1.11.12 Prior to leaving the Grading Room, the Senior Grader will ensure that each member of the Grading Panel or Appeal Panel on which he has served has signed the grading sheet. The grading sheet must only be signed once grading has been completed and all results recorded.
- 1.11.13 Once grading of each sample is completed, the Exchange will re-seal such sample with the Exchange's seal. The applicant member, or his appointed agent, will be contacted to arrange collection of the sample. Should the sample not be collected promptly, it shall become the property of the Exchange who may, at its absolute discretion, arrange for its storage or disposal.
- Following completion of grading, the Exchange shall notify the applicant member and the Warehousekeeper of the Grading Result in respect of the parcel, lot or grouped lots which is/are the subject of the application, by such means and in a form prescribed by the Exchange from time to time. If the Exchange notifies the member of the Grading Result via Liffe Guardian and the member is unable to access such facility, or is prevented from accessing such facility due to its malfunction or failure, the Exchange may prescribe an alternative means and, if required, form in which the Grading Result will be provided to the member.
- 1.11.14 In respect of Robusta Coffee, where a lot comprises of two parcels, the Valid Grading Result of such lot shall state the discounts applicable, if any, in respect of the inferior parcel. Where such parcel is graded as not tenderable then the whole lot comprising of both parcels shall not be tenderable.

Section E

2. [Intentionally not used]

Section E

3. Robusta Coffee (Exchange Contract No.409)

3.1 General

3.1.1 In accordance with Contract term 4 the following grading procedures shall apply, such that they do not conflict with Schedule 2, Procedure E 1.11.

3.2 Grading Procedure

3.2.1 Samples representing parcels, single lots or grouped lots

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

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

Those samples submitted as not representing grouped lots shall follow the Schedule 2, Procedure E 3.2.2 and 3.2.4 to 3.2.8. Those samples submitted representing grouped lots shall follow Schedule 2, Procedure E 3.2.3 and 3.2.4 to 3.2.8.

3.2.2 Sample preparation for a single lot

3.2.2.1 A member of the Grading Panel shall check that the sample complies with Schedule 2, Procedure E 1.11.

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

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

3.2.3 Sample preparation for grouped lots

3.2.3.1 A member of the Grading Panel shall check that all the samples presented for grading as grouped lots comply with Schedule 2, Procedure E 1.11.

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

3.2.3.3 The Grading Panel will then visually examine the general appearance of each grading sample and be satisfied that all are homogenous in overall uniformity with each other. If the Grading Panel does not agree that the samples are homogenous

then the samples shall be graded as individual lots and shall follow Schedule 2, Procedure E 3.2.2.3.

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

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

3.2.4 Olfactory test

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

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

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

3.2.5 Visual examination

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

3.2.6 Screen Test

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

3.2.6.2 The sieves shall be agitated with a slight corner-to-corner tilting action and with slight vertical shaking until no further beans move from one screen to the next. At the end of this operation, a sharp knock should be given to the nest of sieves in order that beans only loosely held in apertures will fall through. The oversize collected on each of the sieves used shall be weighed to the nearest 1g, and, if applicable, the undersize collected in the receiver. Beans remaining in apertures shall be considered to be retained on the sieve in question. The weights for each screen shall be recorded.

3.2.7 Determination of Foreign Matter and Defects

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

3.3 Standards

3.3.1 Lots which are graded shall be deemed as tenderable subject to meeting the requirements as set out in Contract term 4.03(b).

3.3.2 Grading results from samples that have been derived from grouped lots shall apply to each individual lot making up the grouped lots.