



LONDON COCOA FUTURES & EURO COCOA FUTURES

ALLOWANCES & DISCOUNTS

EFFECTIVE FROM MAY 2017

The London Cocoa futures and Euro Cocoa futures contracts provide the flexibility to trade and deliver in 10 tonne units whilst also allowing delivery in larger units, either 100 tonnes in bags or 1,000 tonnes in bulk.

The quality parameters allow the majority of cocoa grown to be potentially deliverable with grading allowances including premiums for good quality cocoa and discounts for poorer quality cocoa. Part of the quality assessment is a homogeneity test (based on the standard deviation of the bean count) with corresponding discounts for lack of uniformity.

London Cocoa futures allowances will be set according to the tables listed here in pounds sterling. Allowances for cocoa delivered against the Euro Cocoa futures contract will be calculated by taking the total London Cocoa futures allowance and applying the spot GBP/EUR FX rate as at 16:00 London time on the last trading day.

ORIGINS TENDERABLE

ORIGIN GROUP 1

(No discount): All African origins

ORIGIN GROUP 2

(50 GBP discount): All other origins

GRADING ALLOWANCES

The applicable scale of grading allowances for any given delivery month is determined on the following basis:

GRADINGS BETWEEN THE:		PRICE-RANGE CATEGORY BASED ON THE DAILY SETTLEMENT PRICE OF THE FOLLOWING DELIVERY MONTHS:	DETERMINED ON THE LAST TRADING DAY OF THE FOLLOWING DELIVERY MONTHS:
NOTICE DAY OF:	AND THE LAST TRADING DAY OF:		
March	May	May	March
May	July	July	May
July	September	September	July
September	December	December	September
December	March	March	December

ALLOWANCES FOR DEFECTIVE BEANS

SCALE	A	B	C	D	E	F	G	H	I	J	K
Upper range	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999	£3,399	£3,799	£4,199	£4,599
Lower range	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600	£3,000	£3,400	£3,800	£4,200
%	POUNDS STERLING PER TONNE										
0	2	7	10	13	17	20	23	26	29	32	35
1	2	7	10	13	17	20	23	26	29	32	35
2	2	7	10	13	17	20	23	26	29	32	35
3	2	7	10	13	17	20	23	26	29	32	35
4	1	3	5	7	8	10	12	14	16	18	20
5	0	0	0	0	0	0	0	0	0	0	0
6	-1	-3	-5	-7	-8	-10	-12	-14	-16	-18	-20
7	-2	-7	-10	-13	-17	-20	-23	-26	-29	-32	-35
8	-4	-10	-15	-20	-25	-30	-35	-40	-45	-50	-55
9	-5	-13	-20	-27	-33	-40	-47	-54	-61	-68	-75
10	-6	-17	-25	-33	-42	-50	-58	-66	-74	-82	-90
11	-7	-20	-30	-40	-50	-60	-70	-80	-90	-100	-110
12	-9	-23	-35	-47	-58	-70	-82	-94	-106	-118	-130
13	-10	-27	-40	-53	-67	-80	-93	-106	-119	-132	-145
14	-11	-30	-45	-60	-75	-90	-105	-120	-135	-150	-165
15	-12	-33	-50	-67	-83	-100	-117	-134	-151	-168	-185

ALLOWANCES FOR SLATY BEANS

SCALE	A	B	C	D	E	F	G	H	I	J	K
Upper range	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999	£3,399	£3,799	£4,199	£4,599
Lower range	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600	£3,000	£3,400	£3,800	£4,200
%	POUNDS STERLING PER TONNE										
0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0	0
6	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11
7	-1	-4	-6	-8	-10	-12	-14	-16	-18	-20	-22
8	-2	-6	-9	-12	-15	-18	-21	-24	-27	-30	-33
9	-3	-8	-12	-16	-20	-24	-28	-32	-36	-40	-44
10	-4	-10	-15	-20	-25	-30	-35	-40	-45	-50	-55
11	-4	-12	-18	-24	-30	-36	-42	-48	-54	-60	-66
12	-5	-14	-21	-28	-35	-42	-49	-56	-63	-70	-77
13	-6	-16	-24	-32	-40	-48	-56	-64	-72	-80	-88
14	-7	-18	-27	-36	-45	-54	-63	-72	-81	-90	-99
15	-7	-20	-30	-40	-50	-60	-70	-80	-90	-100	-110
16	-8	-22	-33	-44	-55	-66	-77	-88	-99	-110	-121
17	-9	-24	-36	-48	-60	-72	-84	-96	-108	-120	-132
18	-10	-26	-39	-52	-65	-78	-91	-104	-117	-130	-143
19	-10	-28	-42	-56	-70	-84	-98	-112	-126	-140	-154
20	-11	-30	-45	-60	-75	-90	-105	-120	-135	-150	-165

ALLOWANCES FOR BEAN COUNT

SCALE	A	B	C	D	E	F	G	H	I	J	K
Upper range	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999	£3,399	£3,799	£4,199	£4,599
Lower range	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600	£3,000	£3,400	£3,800	£4,200
No. of beans per 100 grammes	POUNDS STERLING PER TONNE										
90 (and below)	3.5	10.0	15.0	20.0	25.0	30.0	35.0	40.0	45.0	50.0	55.0
91	3.5	9.0	13.5	18.0	22.5	27.0	31.5	36.0	40.5	45.0	49.5
92	3.0	8.0	12.0	16.0	20.0	24.0	28.0	32.0	36.0	40.0	44.0
93	2.5	7.0	10.5	14.0	17.5	21.0	24.5	28.0	31.5	35.0	38.5
94	2.0	6.0	9.0	12.0	15.0	18.0	21.0	24.0	27.0	30.0	33.0
95	2.0	5.0	7.5	10.0	12.5	15.0	17.5	20.0	22.5	25.0	27.5
96	1.5	4.0	6.0	8.0	10.0	12.0	14.0	16.0	18.0	20.0	22.0
97	1.0	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0	16.5
98	0.5	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0
99	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5
100	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
101	-0.5	-1.5	-2.5	-3.5	-4.0	-5.0	-6.0	-7.0	-8.0	-9.0	-10.0
102	-1.0	-3.5	-5.0	-6.5	-8.5	-10.0	-11.5	-13.0	-14.5	-16.0	-17.5
103	-2.0	-5.0	-7.5	-10.0	-12.5	-15.0	-17.5	-20.0	-22.5	-25.0	-27.5
104	-2.5	-6.5	-10.0	-13.5	-16.5	-20.0	-23.5	-27.0	-30.5	-34.0	-37.5
105	-3.0	-8.5	-12.5	-16.5	-21.0	-25.0	-29.0	-33.0	-37.0	-41.0	-45.0
106	-3.5	-10.0	-15.0	-20.0	-25.0	-30.0	-35.0	-40.0	-45.0	-50.0	-55.0
107	-4.5	-11.5	-17.5	-23.5	-29.0	-35.0	-41.0	-47.0	-53.0	-59.0	-65.0
108	-5.0	-13.5	-20.0	-26.5	-33.5	-40.0	-46.5	-53.0	-59.5	-66.0	-72.5
109	-5.5	-15.0	-22.5	-30.0	-37.5	-45.0	-52.5	-60.0	-67.5	-75.0	-82.5
110	-6.0	-16.5	-25.0	-33.5	-41.5	-50.0	-58.5	-67.0	-75.5	-84.0	-92.5
111	-7.0	-18.5	-28.0	-37.5	-46.5	-56.0	-65.5	-75.0	-84.5	-94.0	-103.5
112	-7.5	-20.5	-31.0	-41.5	-51.5	-62.0	-72.5	-83.0	-93.5	-104.0	-114.5
113	-8.5	-22.5	-34.0	-45.5	-56.5	-68.0	-79.5	-91.0	-102.5	-114.0	-125.5
114	-9.0	-24.5	-37.0	-49.5	-61.5	-74.0	-86.5	-99.0	-111.5	-124.0	-136.5
115	-10.0	-26.5	-40.0	-53.5	-66.5	-80.0	-93.5	-107.0	-120.5	-134.0	-147.5
116	-10.5	-28.5	-43.0	-57.5	-71.5	-86.0	-100.5	-115.0	-129.5	-144.0	-158.5
117	-11.5	-30.5	-46.0	-61.5	-76.5	-92.0	-107.5	-123.0	-138.5	-154.0	-169.5
118	-12.0	-32.5	-49.5	-65.5	-81.5	-98.0	-114.5	-131.0	-147.5	-164.0	-180.5
119	-13.0	-34.5	-52.0	-69.5	-86.5	-104.0	-121.5	-139.5	-156.5	-174.0	-191.5
120	-13.5	-36.5	-55.0	-73.5	-91.5	-110.0	-128.5	-147.0	-165.5	-184.0	-202.5

ALLOWANCES FOR FREE FATTY ACIDS (FFA) CONTENT (BULK DELIVERY UNITS ONLY)

MAXIMUM FFA (%)	ALLOWANCE
Up to 2	Par
> 2 and ≤ 2.25	0.5%
> 2.25 and ≤ 2.5	1.0%
> 2.5 and ≤ 2.75	2.0%
> 2.75 and ≤ 3.0	3.0%
> 3.0 and ≤ 3.25	4.5%
> 3.25 and ≤ 3.5	6.0%
Above 3.5	Non-Tenderable

ALLOWANCES FOR RESIDUE AND FOREIGN MATTER

SCALE	A	B	C	D	E	F	G	H	I	J	K
Upper range	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999	£3,399	£3,799	£4,199	£4,599
Lower range	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600	£3,000	£3,400	£3,800	£4,200
grammes per 2KG	POUNDS STERLING PER TONNE										
0-45	0	0	0	0	0	0	0	0	0	0	0
46-55	-1	-4	-6	-8	-10	-12	-14	-16	-18	-20	-22
56-65	-3	-8	-12	-16	-20	-24	-28	-32	-36	-40	-44
66-75	-4	-12	-18	-24	-30	-36	-42	-48	-54	-60	-66
76-85	-6	-16	-24	-32	-40	-48	-56	-64	-72	-80	-88
86-95	-7	-20	-30	-40	-50	-60	-70	-80	-90	-100	-110
96-105	-8	-24	-36	-48	-60	-72	-84	-96	-108	-120	-132

ALLOWANCES FOR BEAN CLUSTERS

SCALE	A	B	C	D	E	F	G	H	I	J	K
Upper range	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999	£3,399	£3,799	£4,199	£4,599
Lower range	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600	£3,000	£3,400	£3,800	£4,200
grammes per 2KG	POUNDS STERLING PER TONNE										
0-50	0	0	0	0	0	0	0	0	0	0	0
51-70	-1	-4	-6	-8	-10	-12	-14	-16	-18	-20	-22
71-90	-3	-8	-12	-16	-20	-24	-28	-32	-36	-40	-44
91-110	-4	-12	-18	-24	-30	-36	-42	-48	-54	-60	-66
111-130	-6	-16	-24	-32	-40	-48	-56	-64	-72	-80	-88
131-150	-7	-20	-30	-40	-50	-60	-70	-80	-90	-100	-110

ALLOWANCES FOR STANDARD DEVIATION OF THE BEAN COUNT

SCALE	A	B	C	D	E	F	G	H	I	J	K
Upper range	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999	£3,399	£3,799	£4,199	£4,599
Lower range	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600	£3,000	£3,400	£3,800	£4,200
No. of beans per 2KG	POUNDS STERLING PER TONNE										
0-25	0	0	0	0	0	0	0	0	0	0	0
26	-1	-3	-4	-5	-7	-8	-9	-10	-11	-12	-13
27	-2	-5	-8	-11	-13	-16	-19	-22	-25	-28	-31
28	-3	-8	-12	-16	-20	-24	-28	-32	-36	-40	-44
29	-4	-11	-16	-21	-27	-32	-37	-42	-47	-52	-57
30	-5	-13	-20	-27	-33	-40	-47	-54	-61	-68	-75
31	-6	-16	-24	-32	-40	-48	-56	-64	-72	-80	-88
32	-7	-19	-28	-37	-47	-56	-65	-74	-83	-92	-101
33	-8	-21	-32	-43	-53	-64	-75	-86	-97	-108	-119
34	-9	-24	-36	-48	-60	-72	-84	-96	-108	-120	-132
35	-10	-27	-40	-53	-67	-80	-93	-106	-119	-132	-145
36	-11	-29	-44	-59	-73	-88	-103	-118	-133	-148	-163
37	-12	-32	-48	-64	-80	-96	-112	-128	-144	-160	-176
38	-13	-35	-52	-69	-87	-104	-121	-138	-155	-172	-189
39	-14	-37	-56	-75	-93	-112	-131	-150	-169	-188	-207
40	-15	-40	-60	-80	-100	-120	-140	-160	-180	-200	-220

STANDARD DEVIATION OF THE BEAN COUNT TEST

The standard deviation of the bean count test (homogeneity) is designed to assess the uniformity of bean size within a delivery unit. The formula used is based on a standard deviation calculation whereby the average number of beans per 100g for the whole delivery unit is measured and then compared against the overall variability of bean sizes within the delivery unit. Excessive variability will result in the award of allowances or, above the maximum permitted value, in the delivery unit being graded as not tenderable.

Formula for the standard deviation of the bean count test:

$$\sqrt{\frac{(P(Z - A)^2 + Q(Z - B)^2 + R(Z - C)^2 + S(Z - D)^2)}{Z}}$$

Where:

A =	Bean count/100g in 13mm round-holed sieve
B =	Bean count/100g in 11.5mm round-holed sieve
C =	Bean count/100g in 10.5mm round-holed sieve
D =	Bean count/100g in base
P =	% bean-weight to total weight in 13mm round-holed sieve
Q =	% bean-weight to total weight in 11.5mm round-holed sieve
R =	% bean-weight to total weight in 10.5mm round-holed sieve
S =	% bean-weight to total weight in base
Z =	Total bean count/100g

The following are needed to calculate the standard deviation of the bean count:

- Number of beans per sieve and base; and
- Weight of beans per sieve and base

From this data the following may be derived:

BEAN COUNT/100G PER SIEVE OR BASE

$$(A, B, C, \text{ or } D \text{ above}) = \frac{\text{Number of beans in sieve} \times 100}{\text{Weight of beans in sieve}}$$

PERCENTAGE WEIGHT PER SIEVE

$$(P, Q, R \text{ or } S \text{ above}) = \frac{\text{Weight of beans in sieve}}{\text{Total weight of beans}}$$

TOTAL BEAN COUNT PER 100G

$$(Z \text{ above}) = \frac{\text{Total number of beans in each sieve and base} \times 100}{\text{Total weight of beans in each sieve and base}}$$

PLEASE SEE BELOW FOR WORKED EXAMPLE:

SAMPLE	13MM SIEVE		11.5 MM SIEVE		10.5 MM SIEVE		BASE		TOTAL		
	Beans	(P) / (A)	Beans	(Q) / (B)	Beans	(R) / (C)	Beans	(S) / (D)	Beans	(Z)	St. dev.
	Wt.(g) / No.	%Wt. / BC	Wt.(g) / No.	%Wt. / BC	Wt.(g) / No.	%Wt. / BC	Wt.(g) / No.	%Wt. / BC	Wt.(g) / No.	BC	
No. 1	120 / 96	40 / 80	140 / 140	47 / 100	30 / 36	10 / 120	10 / 15	3 / 150	300 / 287	96	16
No. 2	20 / 19	7 / 95	120 / 138	40 / 115	140 / 220	47 / 157	20 / 40	7 / 200	300 / 417	139	28

- = Original data
- = Derived values
- = Standard Deviation of the Bean Count

WEIGHT ALLOWANCES

Delivery units are subject to a weight allowance if delivered after the last day of the month in which it was weighed. The relevant percentage deduction will accrue according to the time passed since the Original Weigh Date (see table below). The total allowance will be based on the accrual since the Last Weigh Date, and shall apply to the Exchange Delivery Settlement Price of the delivery month. The maximum total weight allowance is 1.25%:

TIME PASSED SINCE ORIGINAL WEIGH DATE	FULLY ACCRUED % ALLOWANCE (PER TONNE NET WEIGHT)
0 - 183 days	Accrues daily up to 0.5%
184 - 548 days	Accrues daily up to an additional 0.5% (for an aggregate total of 1%)
549 - 913 days	Accrues daily up to an additional 0.25% (for a maximum aggregate of 1.25%)

WEIGHT TOLERANCES

The weight of delivery units tendered against the contract must be within the permitted tolerance as outlined in the table below:

PERMITTED WEIGHT TOLERANCES OF DELIVERY UNITS			
Delivery unit	SDU	LDU	BDU
Nominal net weight (tonnes)	10	100	1,000
Upper limit (%)	+1.5	+1.5	+1.5
Lower limit (%)	-1.5	-1.0	-0.5

FURTHER INFORMATION

SOFT COMMODITY DERIVATIVES

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