

LONDON NOTICE No. 2917

ISSUE DATE: 10 July 2007
EFFECTIVE DATE: 11 July 2007

WHITE SUGAR FUTURES CONTRACT (EXCHANGE CONTRACT NO. 407)

OPTIONS ON COMMODITY CONTRACTS (EXCHANGE CONTRACT NO. 501)

CONTRACT REVISIONS

LISTING OF THE DECEMBER 2008 DELIVERY MONTH AND THE ASSOCIATED OPTION EXPIRY MONTH

Executive Summary

This Notice informs members of the following additions to the Contract terms and Administrative Procedures of the White Sugar Futures Contract: (a) introduction of a Minimum Tender Procedure; and (b) introduction of new requirements in respect of bag colours and marks. Furthermore, this Notice explains that the December 2008 delivery month of the White Sugar Futures Contract and the associated option expiry month will be made available for trading on the basis of the revised Contract terms and Administrative Procedures on and from 11 July 2007.

1. Following consultation with market users, the Exchange has determined to revise the Contract terms and Administrative Procedures of the White Sugar Futures Contract ("the Contract") by introducing a Minimum Tender Procedure; and new requirements in respect of bag colours and marks.
2. The Attachment to this Notice sets out the necessary revisions and additions to the Contract terms and Administrative Procedures of the Contract. These can be summarised as follows:
 - (a) The introduction of a Minimum Tender Procedure by means of additions to term 1 (Interpretation), revisions and additions to term 9 (Tender Day), the addition of a new term 21 (Statement in relation to the Tender Process) and revisions and additions to Administrative Procedure 1 (Timetable); and
 - (b) the introduction of new requirements in respect of bag colours and marks by means of revisions and additions to term 2.03 (Sugars Tenderable).

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.

3. The revised Contract terms and Administrative Procedures shall apply to the December 2008 and all subsequent delivery months. The December 2008 delivery month of the Contract and the December 2008 expiry month of the Option on the Contract shall be made available for trading on and from 11 July 2007.
4. The Exchange draws the following statement to the attention of potential users of the White Sugar Futures Contract. Members should ensure that their clients are made aware of the statement.

“Statement in relation to the Tender Process

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

“Statement in relation to the Tender Process

Potential users of the White Sugar Futures Contract should familiarise themselves with the Contract Terms and Administrative Procedures. Amongst other things, potential users should be aware that the objective of the tender process for the White Sugar Futures Contract is to seek to ensure that, to the extent possible, no less than a total of 80 lots of sugar will be tendered for delivery at a port included on the list of ports from time to time published by the Board by Notice.

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

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

5. The updated Contract terms and Administrative Procedures will be published on the Liffe website (www.euronext.com) and in the London Market Handbook in due course.

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

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Revisions and additions to the Contract terms and Administrative Procedures of the White Sugar Futures Contract (Exchange Contract No. 407)

(Additions shown underlined/deletions ~~struck through~~)

Contract Terms

1. Interpretation

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

"Non-Qualifying Port" means one of the ports included on the list of ports from time to time published by the Board by Notice, in respect of which all Sellers' Notices of Tender which have been made for that delivery month amount in aggregate to less than 80 lots.

"Qualifying Port" means one of the ports included on the list of ports from time to time published by the Board by Notice in respect of which all Sellers' Notices of Tender which have been made for that delivery month amount in aggregate to 80 lots or more.

2.03 The sugar shall be packed in new sound polypropylene bags, each with a single new polythene liner, of a weight of minimum 50kg net each of sugar and each bag and liner having a combined minimum tare of 160g. The bags of each lot shall be uniform and suitable for export ~~and, if marked, all shall bear the same mark. Any marks shall not be contrary to these terms.~~ All bags shall be of a colour as customarily used for export by the relevant producer, and for each lot each bag shall bear the same minimum marks written in the English language stating the following:

- (a) product (i.e. refined sugar);
- (b) net weight;
- (c) origin;
- (d) crop or production year;
- (e) an expiry date being two years later than the production date; and
- (f) name of the producer.

Additional marks in local lettering/language are permitted provided that they do not contradict the marks referred to above.

9. Tender Day

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

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

9.07 If for any reason after the process set out in term 9.06 has been completed there is still no Qualifying Port, then the Exchange shall determine that all tenders shall take place at the port which has been nominated in respect of the largest number of lots in the Sellers' Notice of Tender. The Exchange shall inform the Clearing House of its determination and the Clearing House shall notify all Sellers accordingly that they must tender sugar at the port determined by the Exchange.

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

21. Statement in relation to the Tender Process

21.01 The Exchange draws the following statement to the attention of potential users of the White Sugar Futures Contract. Members should ensure that their clients are made aware of the statement.

"Statement in relation to the Tender Process

Potential users of the White Sugar Futures Contract should familiarise themselves with the Contract Terms and Administrative Procedures. Amongst other things, potential users should be aware that the objective of the tender process for the White Sugar Futures Contract is to seek to ensure that, to the extent possible, no less than a total of 80 lots of sugar will be tendered for delivery at a port included on the list of ports from time to time published by the Board by Notice.

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

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

Administrative Procedures

1. Timetable

Last Trading Day

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

Tender Day (Last Trading Day + 1 business day)

By 11.00 <u>10.30</u> hours	<p>Remaining open positions automatically become delivery contracts.</p> <p>Sellers deliver the <i>Seller's Notice of Tender</i> form, <u>instigating delivery</u>, to the Clearing House in accordance with the Clearing House Procedures.</p>
<u>By 11.00 hours</u>	<p><u>Where any Sellers have submitted Notice(s) of Tender in respect of a Non-Qualifying Port or Ports, the Clearing House shall take the steps specified in term 9.04 and shall notify such Insufficient Seller(s) that the tenders should be revised in accordance with term 9.05.</u></p>
<u>By 13.00 hours</u>	<p><u>Any Insufficient Sellers deliver in accordance with term 9.05 revised Seller's Notice of Tender forms to the Clearing House. If the Insufficient Sellers have not delivered the revised Seller's Notice of Tender forms by 13.00 hours, the Clearing House will refer to the Exchange to determine in accordance with the Contract terms the port from which tenders will be made, and the Exchange shall notify the Clearing House of such determination by 14.00 hours.</u></p>
<u>By 14.00 hours</u>	<p><u>Where Sellers' Notice(s) of Tenders continue to be made in respect of Non-Qualifying Port(s), the Exchange will upon request by the Clearing House determine in accordance with terms 9.06 to 9.08, the port from which tenders will be made and shall notify the Clearing House of such determination.</u></p> <p><u>The Clearing House, as prescribed by the Exchange, shall notify the Insufficient Seller(s) of the port at which their tender(s) shall take place.</u></p>

After ~~11.00~~ 14.00 hours Sugar allocated to Buyers by the Clearing House in accordance with the Clearing House procedures.

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

By ~~15.00~~ 17.00 hours The Clearing House delivers to the Buyer the *Buyer's Notice of Tender* form, identifying the Seller.

Tender Day + 1 business day

By 9.00 hours All payments required by term 6.01 to be made by the Buyer and the Seller shall have been completed.

By 12.00 hours Buyers may exchange Buyer's Notices of Tender, ~~and must inform~~ with the consent of the Clearing House.

Delivery Day(s) – 14 calendar days

By 16.00 hours Buyer informs Seller and the Clearing House of the name of the vessel for delivery using the *Vessel Nomination/Details* form, such notification to be made in accordance with the Clearing House Procedures.

Document Notice Day

By 12.00 hours Seller gives notice to the Clearing House of presentation of documents using the *Notice of Presentation of Documents* form such notification to be made in accordance with the Clearing House Procedures.

Settlement Day

By 9.00 hours The Clearing House debits Buyer via PPS.

By 10.00 hours Seller lodges delivery documents with the Clearing House in accordance with the Clearing House Procedures.

After 11.00 hours The Clearing House advises Buyer that documents are available to take up. The Buyer collects the delivery documents from the Clearing House in accordance with the Clearing House Procedures.

By 14.00 hours The Buyer may inform the Clearing House in writing in accordance with the Clearing House Procedures that he wishes to reject the documents specified in term 7.01, and in that event the Buyer shall return all the original documents to the Clearing House at the Buyer's expense by 15.00 hours.

After 14.00 hours

The Clearing House shall notify the Seller in the event that the Buyer has rejected the documents, and shall advise the Seller that the original documents shall be held at their disposal at the Clearing House for collection at the Seller's expense after 15.00 hours.

The Clearing House credits Sellers via PPS, unless informed by 14.00 hours by the Buyer that the documents have been rejected in accordance with the Clearing House Procedures. If the documents have been rejected, the Clearing House credits back to the Buyer the sum debited earlier.