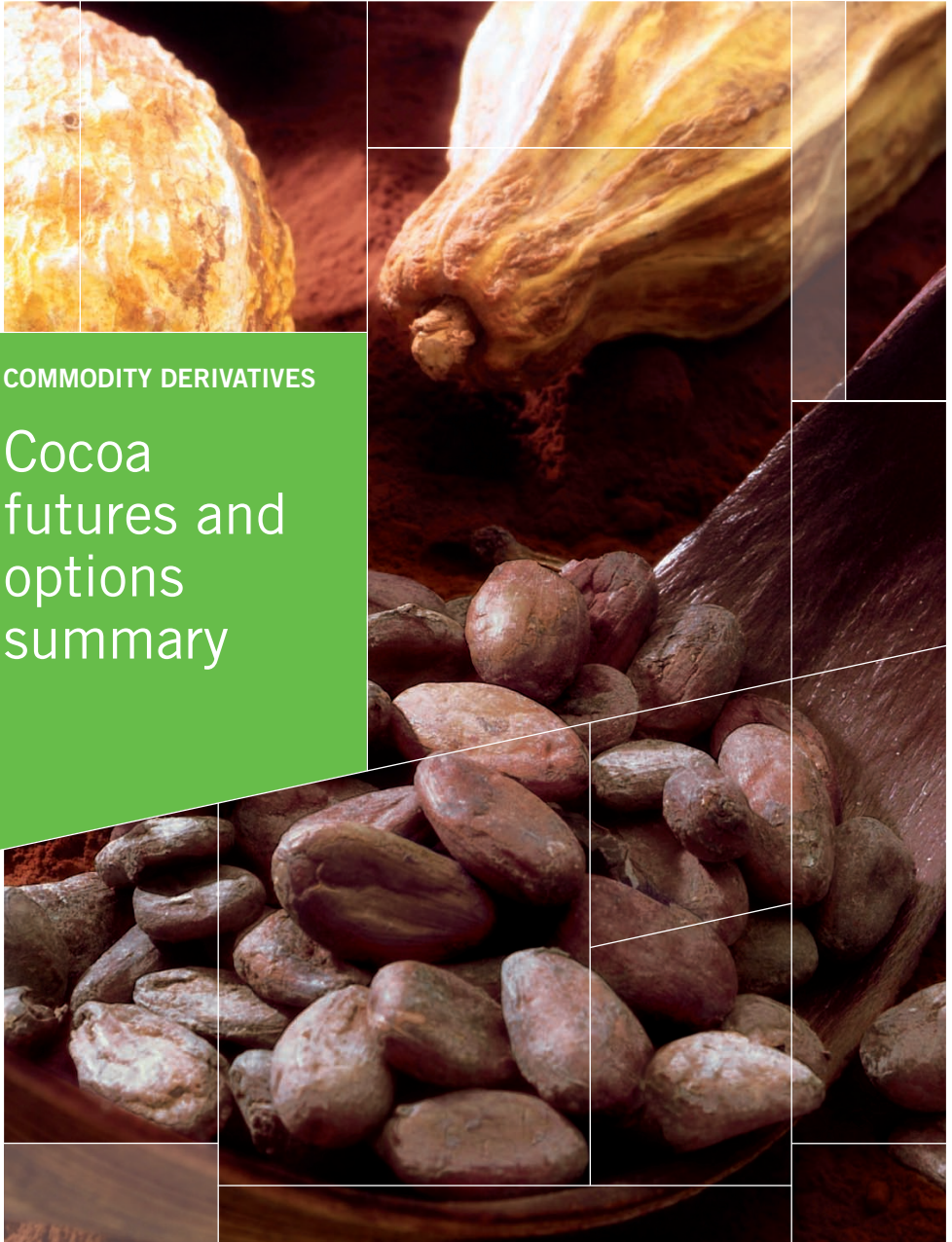




NYSE LiffeSM

COMMODITY DERIVATIVES

Cocoa futures and options summary



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Introduction

Our Cocoa futures contract has long been relied upon as the global benchmark for the pricing of physical cocoa. It is actively traded by producers, exporters, trade-houses, processors and chocolate manufacturers as well as by managed funds and both institutional and short-term investors.

The diversity of users of the contract, alongside the associated options contract, ensures its role as a valuable hedging and risk management tool, as well as an effective trading, arbitrage and investment vehicle.

This contract forms part of a broad range of commodity products traded at NYSE Liffe, which also includes Robusta Coffee, White Sugar, Feed Wheat, Milling Wheat, Rapeseed and Corn. NYSE Liffe offers one of the broadest ranges of exchange traded derivatives in the world, also encompassing futures and options contracts on short-term interest rates, equities, indices, swaps and government bonds, and currencies.

Cocoa futures and options contracts are traded on LIFFE CONNECT® – the world's most advanced electronic trading platform, offering unrivalled speed of execution and functionality.

Cash-settled commodity contracts are now available on our innovative Bclear service, designed for customers who prefer the flexibility of over-the-counter (OTC) trading, with the benefits of an exchange and central counterparty environment.

www.nyx.com/bclear-commodities



Summary of Contract Specifications

COCOA FUTURES CONTRACT	
UNIT OF TRADING	Ten tonnes
ORIGINS TENDERABLE	Côte d'Ivoire, Democratic Republic of Congo (formerly known as Zaire), Equatorial Guinea, Ghana, Grenada Fine Estates, Jamaica, Nigeria, Republic of Cameroon, Republic of Sierra Leone, Togo, Trinidad and Tobago Plantation, Western Samoa at contract price. All other origins tenderable at set discounts
QUALITY	Please refer to the full contract specifications on the NYSE Liffe website at www.nyx.com/commodities
DELIVERY MONTHS	March, May, July, September, December, such that ten delivery months are available for trading
DELIVERY UNITS ¹	Standard Delivery Unit (SDU) – bagged cocoa with a nominal net weight of 10 tonnes Large Delivery Unit (LDU) – bagged cocoa with a nominal net weight of 100 tonnes Bulk Delivery Unit (BDU) – loose cocoa with a nominal net weight of 1000 tonnes ²
PRICE BASIS ^{2,3}	Pounds sterling per tonne, in an exchange nominated warehouse in a delivery area which is, in the Board's opinion, in or sufficiently close to Amsterdam, Antwerp, Bremen, Felixstowe, Hamburg, Humberside, Le Havre, Liverpool, London, Rotterdam or Teesside
MINIMUM PRICE MOVEMENT (TICK SIZE AND VALUE)	£1 per tonne (£10)
LAST TRADING DAY	Eleven business days immediately prior to the last business day of the delivery month at 12:00
NOTICE DAY	The business day immediately following the last trading day
TRADING HOURS	09:30 – 16:50
NYSE LIFFE MARKET	London
TRADING PLATFORM	LIFFE CONNECT®
ALGORITHM	Central order book applies a pro-rata trading algorithm, but with priority given to the first order at the best price, subject to a minimum order volume and limited to a maximum volume cap
WHOLESALE TRADING FACILITIES	Against Actuals, Exchange for Swaps
<p>¹ Where necessary upon tender, a seller may be instructed by LCH.Clearnet Ltd to convert a Bulk Delivery Unit into Large and/or Standard Delivery Units, or a Large Delivery Unit into Standard Delivery Units.</p> <p>² Bulk Delivery Units are tenderable at a discount of £20 per tonne to the contract price.</p> <p>³ Please refer to www.nyx.com/commodities-delivery to determine which delivery areas have Dual Capacity Warehousekeepers (i.e. those nominated for the storage of Bulk Delivery Units as well as Standard and Large Delivery Units).</p>	
All times are London times.	

OPTIONS ON COCOA FUTURES CONTRACT	
UNIT OF TRADING	One Cocoa futures contract
EXPIRY MONTHS	March, May, July, September, December, such that ten expiry months are available for trading, subject to the option expiring before the underlying future
PRICE BASIS	Pounds sterling per tonne
MINIMUM PRICE MOVEMENT (TICK SIZE AND VALUE)	£1 per tonne (£10)
EXPIRY DAY	12:00 on the last trading day in the calendar month preceding the expiry month
TRADING HOURS	09:32 – 16:50
NYSE LIFFE MARKET	London.
TRADING PLATFORM	LIFFE CONNECT®
ALGORITHM	Central order book applies a pro-rata trading algorithm, but with priority given to the first order at the best price, subject to a minimum order volume and limited to a maximum volume cap
WHOLESALE TRADING FACILITIES	None apply
CONTRACT STANDARD	Assignment of one Cocoa futures contract for the expiry month at the exercise price
EXERCISE PRICE INCREMENTS	£25 per tonne
OPTION EXERCISE	All options are 'American' style i.e. may be exercised at any time prior to expiry
OPTIONS PREMIUM	The contract price is not paid at the time of purchase. Option positions, as with futures positions, are marked-to-market daily giving rise to positive or negative variation margin flows. If an option is exercised by the Buyer, the Buyer is required to pay the original contract price to the Clearing House and the Clearing House will pay the original option price to the Seller on the following business day. Such payments will be netted against the variation margin balances of Buyer and Seller by the Clearing House
All times are London times.	

Summary of Cocoa futures contract

The Cocoa futures contract provides 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.

Origins tenderable

Origin group 1

Cocoa delivered from one of the following origins shall not be subject to a discount: Côte d'Ivoire, Democratic Republic of Congo (formerly known as Zaire), Equatorial Guinea, Ghana, Grenada fine estates, Jamaica, Nigeria, Republic of Cameroon, Republic of Sierra Leone, Togo, Trinidad & Tobago plantation and Western Samoa.

Origin group 2

Cocoa delivered from one of the following origins shall be subject to a discount of £25 per tonne: São Tomé and Príncipe and Sri Lanka.

Origin group 3

Cocoa delivered from one of the following origins shall be subject to a discount of £50 per tonne: Brazil Bahia Superior, Brazil Vitoria Superior, Ecuador and Papua New Guinea.

Origin group 4

Cocoa delivered from the following origin shall be subject to a discount of £75 per tonne: Malaysia.

Origin group 5

Cocoa delivered from any other origin shall be subject to a discount of £100 per tonne.

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 SLATY BEANS

SCALE	A	B	C	D	E	F	G
UPPER RANGE	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999
LOWER RANGE	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600
%	£ PER TONNE						
0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0
6	-1	-2	-3	-4	-5	-6	-7
7	-1	-4	-6	-8	-10	-12	-14
8	-2	-6	-9	-12	-15	-18	-21
9	-3	-8	-12	-16	-20	-24	-28
10	-4	-10	-15	-20	-25	-30	-35
11	-4	-12	-18	-24	-30	-36	-42
12	-5	-14	-21	-28	-35	-42	-49
13	-6	-16	-24	-32	-40	-48	-56
14	-7	-18	-27	-36	-45	-54	-63
15	-7	-20	-30	-40	-50	-60	-70
16	-8	-22	-33	-44	-55	-66	-77
17	-9	-24	-36	-48	-60	-72	-84
18	-10	-26	-39	-52	-65	-78	-91
19	-10	-28	-42	-56	-70	-84	-98
20	-11	-30	-45	-60	-75	-90	-105

ALLOWANCES FOR DEFECTIVE BEANS

SCALE	A	B	C	D	E	F	G
UPPER RANGE	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999
LOWER RANGE	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600
%	£ PER TONNE						
0	2	7	10	13	17	20	23
1	2	7	10	13	17	20	23
2	2	7	10	13	17	20	23
3	2	7	10	13	17	20	23
4	1	3	5	7	8	10	12
5	0	0	0	0	0	0	0
6	-1	-3	-5	-7	-8	-10	-12
7	-2	-7	-10	-13	-17	-20	-23
8	-4	-10	-15	-20	-25	-30	-35
9	-5	-13	-20	-27	-33	-40	-47
10	-6	-17	-25	-33	-42	-50	-58
11	-7	-20	-30	-40	-50	-60	-70
12	-9	-23	-35	-47	-58	-70	-82
13	-10	-27	-40	-53	-67	-80	-93
14	-11	-30	-45	-60	-75	-90	-105
15	-12	-33	-50	-67	-83	-100	-117

ALLOWANCES FOR BEAN COUNT							
SCALE	A	B	C	D	E	F	G
UPPER RANGE	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999
LOWER RANGE	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600
NO. OF BEANS PER 100 GRAMMES	£ PER TONNE						
90 (and below)	3.5	10	15	20	25	30	35
91	3.5	9	13.5	18	22.5	27	31.5
92	3	8	12	16	20	24	28
93	2.5	7	10.5	14	17.5	21	24.5
94	2	6	9	12	15	18	21
95	2	5	7.5	10	12.5	15	17.5
96	1.5	4	6	8	10	12	14
97	1	3	4.5	6	7.5	9	10.5
98	0.5	2	3	4	5	6	7
99	0.5	1	1.5	2	2.5	3	3.5
100	0	0	0	0	0	0	0
101	-0.5	-1.5	-2.5	-3.5	-4	-5	-6
102	-1	-3.5	-5	-6.5	-8.5	-10	-11.5
103	-2	-5	-7.5	-10	-12.5	-15	-17.5
104	-2.5	-6.5	-10	-13.5	-16.5	-20	-23.5
105	-3	-8.5	-12.5	-16.5	-21	-25	-29
106	-3.5	-10	-15	-20	-25	-30	-35
107	-4.5	-11.5	-17.5	-23.5	-29	-35	-41
108	-5	-13.5	-20	-26.5	-33.5	-40	-46.5
109	-5.5	-15	-22.5	-30	-37.5	-45	-52.5
110	-6	-16.5	-25	-33.5	-41.5	-50	-58.5
111	-7	-18.5	-28	-37.5	-46.5	-56	-65.5
112	-7.5	-20.5	-31	-41.5	-51.5	-62	-72.5
113	-8.5	-22.5	-34	-45.5	-56.5	-68	-79.5
114	-9	-24.5	-37	-49.5	-61.5	-74	-86.5
115	-10	-26.5	-40	-53.5	-66.5	-80	-93.5
116	-10.5	-28.5	-43	-57.5	-71.5	-86	-100.5
117	11.5	-30.5	-46	-61.5	-76.5	-92	-107.5
118	-12	-32.5	-49	-65.5	-81.5	-98	-114.5
119	-13	-34.5	-52	-69.5	-86.5	-104	-121.5
120	-13.5	-36.5	-55	-73.5	-91.5	-110	-128.5

ALLOWANCES FOR RESIDUE AND FOREIGN MATTER (ALL ORIGINS EXCEPT PAPUA NEW GUINEA)*

SCALE	A	B	C	D	E	F	G
UPPER RANGE	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999
LOWER RANGE	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600
GRAMMES PER 2KG	£ PER TONNE						
0 - 25	0	0	0	0	0	0	0
26 - 35	-1	-4	-6	-8	-10	-12	-14
36 - 45	-3	-8	-12	-16	-20	-24	-28
46 - 55	-4	-12	-18	-24	-30	-36	-42
56 - 65	-6	-16	-24	-32	-40	-48	-56
66 - 75	-7	-20	-30	-40	-50	-60	-70

*Allowances in respect of the net weight of bean clusters shall be determined by reference to this table. (Net weight of bean clusters shall be the gross weight of the clusters reduced by 50%).

ALLOWANCES FOR RESIDUE AND FOREIGN MATTER (PAPUA NEW GUINEA ONLY)

SCALE	A	B	C	D	E	F	G
UPPER RANGE	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999
LOWER RANGE	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600
GRAMMES PER 2KG	£ PER TONNE						
0 - 50	0	0	0	0	0	0	0
51 - 60	-1	-4	-6	-8	-10	-12	-14
61 - 70	3	-8	-12	-16	-20	-24	-28
71 - 80	-4	-12	-18	-24	-30	-36	-42
81 - 90	-6	-16	-24	-32	-40	-48	-56
91 - 100	-7	-20	-30	-40	-50	-60	-70

ALLOWANCES FOR STANDARD DEVIATION OF THE BEAN COUNT

SCALE	A	B	C	D	E	F	G
UPPER RANGE	£599	£999	£1,399	£1,799	£2,199	£2,599	£2,999
LOWER RANGE	£0	£600	£1,000	£1,400	£1,800	£2,200	£2,600
GRAMMES PER 2KG	£ PER TONNE						
0 - 25	0	0	0	0	0	0	0
26	-1	-3	-4	-5	-7	-8	-9
27	-2	-5	-8	-11	-13	-16	-19
28	-3	-8	-12	-16	-20	-24	-28
29	-4	-11	-16	-21	-27	-32	-37
30	-5	-13	-20	-27	-33	-40	-47
31	-6	-16	-24	-32	-40	-48	-56
32	-7	-19	-28	-37	-47	-56	-65
34	-9	-24	-36	-48	-60	-72	-84
35	-10	-27	-40	-53	-67	-80	-93
36	-11	-29	-44	-59	-73	-88	-103
37	-12	-32	-48	-64	-80	-96	-112
38	-13	-35	-52	-69	-87	-104	-121
39	-14	-37	-56	-75	-93	-112	-131
40	-15	-40	-60	-80	-100	-120	-140

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:

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

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, or D above)

$$= \frac{\text{Number of beans in sieve} \times 100}{\text{Weight of beans in sieve}}$$

Percentage weight per sieve (P, Q, R or S above)

$$= \frac{\text{Weight of beans in sieve}}{\text{Total weight of beans}}$$

Total bean count per 100g (Z 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 opposite page for worked example.)

Weight allowances

Standard and large delivery units are subject to a weight allowance if either is delivered more than six months but less than 36 months after the last day of the month in which it was weighed. The relevant percentage deduction (see table below) shall apply to the exchange delivery settlement price of the delivery month:

Months	% Allowance (per tonne net weight)
1-6	0.00
7-12	0.25
13-18	0.50
19-24	0.75
25-30	1.00
31-36	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

Worked example

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

 = Original data

 = Derived values

 = Standard Deviation of the Bean Count

For further information please contact:

LONDON		
COMMODITY	CONTACT NAME	CONTACT NUMBER
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Robusta Coffee	Ritu Ruffe	+44 (0)20 7379 2038
White Sugar and Feed Wheat	Peter Blogg	+44 (0)20 7379 2407
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PARIS		
COMMODITY	CONTACT NAME	CONTACT NUMBER
Milling Wheat, Corn and Rapeseed	Lionel Porte	+33 (0)1 49 27 19 29
email: commodities@euronext.com		

Further information on commodity derivatives can be found at the commodities section of the NYSE Liffe website:	www.nyx.com/commodities
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Historical data:	www.databyeuronext.com
For information about Quote Vendors providing NYSE Liffe data, please email:	market.dataservices@liffe.com

Cocoa Research UK

NYSE Liffe members contribute 1 pence per side, per futures lot traded, to cocoa research administered by Cocoa Research UK. Since 1994 this money has been allocated to the NYSE Liffe/University of Reading, international cocoa germplasm database. Eighty-three research institutes in forty countries use the database, details of which may be obtained from Cocoa Research UK, 37-41 Bedford Row, London, WC1R 4JH or from their website at www.icgd.rdg.ac.uk

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