

Publication Date	9 April, 2015
Enforcement Date	13 April, 2015
Subject	Delivery procedure applied to unsalted lactic butter future contract
Market	Derivatives (commodities)

DELIVERY PROCEDURE APPLIED TO UNSALTED LACTIC BUTTER FUTURE CONTRACT

Pursuant to Instruction III.4-4, related to the delivery of commodity contracts, this Notice sets forth the operational details and specificities applied to the delivery of unsalted lactic butter.

1 – RELEVANT APPLICABLE TRADING TERMS AND CONDITIONS AND INCOTERMS

Trading Terms and Conditions	MPC conditions for use within the European Union adopted by Gemzu established in The Hague (the Netherlands).
Incoterm	FCA (Free Carrier)
Commodity transfer	Unsalted lactic butter to be loaded by the selling Clearing Member onto the buying Clearing Member's transport

2 – TERMS APPLICABLE TO THE TRANSFER OF OWNERSHIP AND TRANSFER OF RISKS

The transfer of risks is governed by the FCA Incoterm and the relevant applicable Trading Terms and Conditions.

The transfer of ownership is governed by the relevant applicable Trading Terms and Conditions and by the unsalted lactic butter exchange contract issued by Euronext Amsterdam NV, stating that title to goods shall not pass from the selling Clearing Member to the buying Clearing Member until the full final payment of the goods from the buying Clearing Member to the selling Clearing Member.

3 – CONTRACT’S UNDERLYING SPECIFICATIONS:

This section aims to present the standard quality of unsalted lactic butter, which is defined by Euronext Amsterdam NV within the unsalted lactic butter future contract’s specifications.

Each contract shall be for one or more lots for the delivery month specified. A lot shall be for an amount of unsalted lactic butter having a nominal net weight of 6 (six) tons of homogeneous quality.

The unsalted lactic butter future contract underlying must be non-reconstituted unsalted lactic butter and be produced exclusively from pasteurised cream or milk, compliant with EU legislation. It must be a non-GMO product as per EU directive 2001/18 and Regulations 1829/2003 and 1830/2003. It must comply with Council Regulation (Euratom) No. 3954/87 on maximum levels of radioactive contamination in foodstuffs as amended from time to time. It must comply with the maximum levels of certain contaminants as per Commission Regulations (EC) No 1881/2006 and 178/2010.

The unsalted lactic butter shall be compliant with EU legislation and shall meet the quality requirements as specified in this section at time of delivery free onto buying Clearing Member’s transport in accordance with Incoterm FCA and within the delivery area named in the notification notice, as evidenced by a certificate of analysis.

The unsalted lactic butter delivered shall be free of all liens and claims of any kind and shall be freely available for delivery within the European Union and meet the following specifications:

a) Physical and Chemical Analysis

Butterfat	82.0% minimum, by weight
Butterfat	90.0% maximum, by weight
Dry non-fat milk-material	2.0% maximum
Moisture	16.0% maximum
Peroxide	0.30 mEqu/kg maximum
Free fatty acids	0.35% maximum
pH	4.5 – 5.5

b) Microbiological Analysis

Standard Plate Count	5,000/g maximum
Coliforms	10/g maximum
E. Coli	Negative in 1 g
Salmonella	Negative in 25g
Yeast and mould	100/g maximum
Inhibitors	Negative

c) Quality to be assessed in accordance with COKZ (The Netherlands Controlling Authority for Milk and Milk Products) methodology as current at the time of delivery.

4 – DELIVRABLE QUALITY

The delivery quality of the commodity is defined in Chapter 3 of this Notice.

When the quality of the commodity to be transferred does not conform to one of the conditions set out in Chapter 3 of this Notice, the commodity cannot be delivered in performance of the unsalted lactic butter future contract and the selling Clearing Member will be deemed to be in default.

The deliverable quality may be modified by decision of Euronext Amsterdam NV, but only in respect of contract months for which there are no Open Positions.

5 – LIST OF REQUIRED DELIVERY DOCUMENTS

D refers to the contract's Expiry Day which corresponds to the seventh Trading Day preceding the first Trading Day of the Delivery Period, but if this day is not a business day, then it shall be the next following day.

	List of required delivery documents	Main features	Timetable to send document to LCH.Clearnet SA
Contract on unsalted lactic butter	Notification notice	The notification notice enables the selling Clearing Member to advise LCH.Clearnet SA about its intent to deliver the number of contracts involved and the delivery area where the delivery will take place.	D+1
	Delivery notice	The delivery notice embodies the commitment by the selling Clearing Member to deliver the specified quantity of contracts and by the buying Clearing Member to take delivery of the corresponding commodity at the place specified. It also enables the selling Clearing Member to inform the buying Clearing Member of the loading point for the goods.	D+3
	Notice of performance	The buying Clearing Member and the selling Clearing Member acknowledge by signing the notice of performance, the fulfilment of their reciprocal obligations.	<p><u>Either in case of alternative delivery procedure:</u> In D+3 before 3:00 p.m. CET upon an amicable agreement between the buying Clearing Member and the selling Clearing Member who both agree to depart from LCH.Clearnet SA guarantee and opt for the alternative procedure;</p> <p><u>Either in case of CCP delivery procedure:</u> After fulfilment of buying Clearing Members and selling Clearing Members reciprocal obligations as part of the CCP delivery procedure.</p>

6 – PRELIMINARY STEPS TO DELIVERY

6.1 – Monitoring of Positions

Pursuant to the Instruction III.4.4, Clearing Members must net/offset their Open Positions on a daily basis.

Starting on the twelfth Trading Day before the Expiry (D-12), and when the authorised Open Position limits are exceeded, Clearing Members must provide LCH.Clearnet SA with a detailed statement of the net Positions of their order-givers.

6.2 – Minimum quantity eligible for delivery

The minimum quantity eligible to delivery is set up at 11 lots (or 66 tons) of unsalted lactic butter.

Consequently, any Clearing Member having a selling Open Position lower than 11 lots (66 tons) on the Trading Day before the Expiry (D-1) at 03:00 p.m. CET is deemed to be in default.

In such case, any selling Open Position lower than 11 lots (66 tons) shall be liquidated according to the following steps:

- Firstly, the Clearing Member holding a selling Open Position lower than 11 lots must liquidate such selling Open Position by the end of the Trading Day before the Expiry (D-1) at 06:30 p.m. CET,
- Secondly, on the Expiry Day (D) at 10:30 a.m. CET, if the Clearing Member has failed to liquidate such selling Open Position, LCH.Clearnet SA is entitled to liquidate such selling Open Position.

6.3 – Expiry

Pursuant to the Instruction III.4.4, after the Expiry (D), any Open Position will result in delivery of unsalted lactic butter or payment of amount due.

On the Expiry Day (D) at 06:30 p.m. CET, only selling Open Positions equal or greater than 11 lots are eligible to delivery.

6.4 – Notification notice

Pursuant to the Instruction III.4.4, the selling Clearing Member, for its own account or for the account of its order-givers, sends LCH.Clearnet SA a notification notice on the Trading Day following the Expiry (on D+1) by 10.30 a.m. CET.

This notification notice is either delivered by hand or faxed or emailed with a simultaneous registered letter sent to the attention of "LCH.Clearnet SA – Operations Department".

The notification notice, which must conform to the standard form established by LCH.Clearnet SA (see Appendix 2 Document A), specifies:

- the selling Clearing Member's name and seal;
- the origin (house or client);
- the delivery month;
- the number of lots;
- the corresponding quantity delivered;
- the price per net metric ton delivered;
- the delivery area(s) where the loading shall take place.

The selling Clearing Member prepares a notification notice per origin (house or client), per delivery area selected among the authorised delivery areas listed in the Euronext unsalted lactic butter future contract's specifications and listed by LCH.Clearnet SA in a Notice.

The notification notice delivered by the selling Clearing Member to LCH.Clearnet SA must relate to a minimum quantity of 11 lots per order-giver, otherwise the selling Clearing Member is deemed to be in default.

6.5 – Reconciliation

On first Trading Day following the Expiry (D+1):

Pursuant to the Instruction III.4.4, on the first Trading Day following the Expiry (D+1), LCH.Clearnet SA assigns delivery areas and delivery points to the buying Clearing Members on a “pro rata basis using the largest remainder rule” (see Appendix 1) after 2.00 p.m. CET, including the future contracts of selling Clearing member that did not fulfil the obligations related to the delivery of the notification notice as defined in Chapter 7 of this Notice. In that case, LCH.Clearnet SA chooses itself the delivery place.

Then, reconciliation of buying Clearing Members with selling Clearing Members takes place per delivery area, delivery point in decreasing order according to the number of their respective contracts to be delivered.

The list drawn up is transmitted by fax, by email or by any other any means to the Clearing Members involved in delivery, on D+1 by 5:00 p.m. CET.

On second Trading Day following the Expiry (D+2):

Once the matches are communicated, buying Clearing Members have the option of interchanging delivery contracts until D+2 at 3.00 p.m. CET.

Buying Clearing Members can only act on instruction from their order-givers and must immediately confirm to them the interchange transaction made.

Both relevant Clearing Members must immediately inform LCH.Clearnet SA of the interchange, by fax or by email and specifying for each interchange the corresponding match number(s) and the number of contracts in question.

Before 5.30 p.m. CET on D+2, LCH.Clearnet SA publishes the final list of matches which takes into account the transfers recorded, and faxes or emails to relevant Clearing Members the modifications which concern them.

6.6 - Delivery notice

Pursuant to the Instruction III.4.4, before 12.00 a.m. CET on D+3 (the third Trading Day following the Expiry), the selling Clearing Member sends a duly completed and signed delivery notice to the buying Clearing Member assigned to it.

This delivery notice specifies:

- the matching number assigned by LCH.Clearnet SA;
- the names and seals of the selling Clearing Member and the buying Clearing Member;
- the Expiry;
- the corresponding quantity delivered;
- the area and a loading point recognised as unsalted lactic butter delivery point in that area;
- the identity of the order-givers of the buying Clearing Member and the selling Clearing Member and the respective quantities delivered by each of them.

It must conform to the standard document established by LCH.Clearnet SA (see Appendix 2 Document B).

The selling Clearing Member prepares for each buying Clearing Member one delivery notice per origin type (own account or client), per delivery area and delivery point. The data mentioned by the selling Clearing Member on the delivery notice must conform to the data previously mentioned in the notification

notice. Moreover, the selling Clearing Member must mention in the delivery notice the identity of the order-givers and the respective quantities delivered by each of them.

Any buying Clearing Member (own account or client) must accept the delivery notice sent by the counterparty that has been assigned.

The order of allocation of the buying Clearing Member's order-givers to the selling Clearing Member's order-givers is irreversible.

Before 3:00 p.m. CET on D+3, the buying Clearing Member holding a delivery notice has the possibility either to send it to LCH.Clearnet SA, bearing its acceptance, or to send a copy of it by fax or email with a simultaneous original sent by registered letter to the attention of "LCH.Clearnet SA – Operations Department".

On D+3, the buying Clearing Member must send a copy of the delivery notice to the selling Clearing Member so as to inform him of the matches between order-givers.

7 – THEORETICAL TIMETABLE FOR DELIVERY

Pursuant to the Instruction III.4.4, for the unsalted lactic butter future contract, the selling Clearing Member and the buying Clearing Member can opt between the two following delivery procedures:

- **A CCP delivery procedure** (also known as “MATIF guarantee”) as referred to in article 3.4.1.11. of the Clearing Rule Book, whereby LCH.Clearnet SA guarantees Clearing Members of the final settlement of the Transactions registered in their name, namely the delivery of goods and payment of amount due;
- **An alternative delivery procedure**, whereby, in the case of amicable agreement on the delivery terms, the selling Clearing Member and the buying Clearing Member can depart from the CCP delivery procedure.

The following tables provide the relevant theoretical timetable applied to each delivery procedure.

The Expiry or last Trading Day takes place on the seventh Trading Day preceding the first Trading Day of the Delivery Period, but if this day is not a business day, then it shall be the next following day, whereby:

- Delivery Period means the period commencing on and including the first Trading Day of the delivery month, up to and including the last Trading Day of the delivery month;
- delivery month means each month specified as such by Euronext Amsterdam NV;
- Trading Day means any day on which the relevant markets are open for trading.

In addition, “CMR note” (where CMR stands for “Contrat de transport international de Marchandises par Route”) means a consignment note that confirms that the carrier (i.e the road haulage company) has received the goods and that a contract of carriage exists between the customer and the carrier.

Delivery takes place during the Delivery Period according to the theoretical calendars below:

Hereunder:

- D is the Last Trading Day or Expiry day and
- D0 is the loading date or delivery day.

**COMMON PROVISIONS TO BOTH ALTERNATIVE DELIVERY PROCEDURE
AND CCP DELIVERY PROCEDURE**

<p>Upon registration in the Position Account:</p>	<ul style="list-style-type: none"> • Clearing Members must net/offset their Open Positions on a daily basis
<p>From the 12th Trading Day before D (D-12) until D:</p>	<ul style="list-style-type: none"> • Monitoring of Positions: when the authorised Open Positions limits are exceeded, Clearing Members must provide LCH.Clearnet SA with a detailed statement of the net Positions of their order-givers.
<p>On the Trading Day before the Expiry (D-1) at 3:00 p.m. CET:</p>	<ul style="list-style-type: none"> • Minimum quantity eligible for delivery: Deadline for selling Clearing Members for closing or increasing any selling Open Position lower than 11 lots
<p>D (last Trading Day):</p>	<ul style="list-style-type: none"> • Expiry of trading for the deliverable month, • Only selling Open Positions equal or greater than the minimum quantity are eligible for delivery • LCH.Clearnet SA determines and disseminates the Settlement Price • LCH.Clearnet SA clears Open Positions at the Settlement Price.
<p>D+1 Trading Day (Tender Day):</p> <p>Before 10:30 a.m. CET:</p> <p>After 2:00 p.m. CET:</p> <p>Before 5:00 p.m. CET:</p>	<p>Initial matching between buying Clearing Members and selling Clearing Members:</p> <ul style="list-style-type: none"> • Selling Clearing Members submits notification notices to LCH.Clearnet SA • LCH.Clearnet SA assigns notification notices to buying Clearing Members and matches buying Clearing Members and selling Clearing Members. • LCH.Clearnet SA delivers to the Clearing Members a temporary matching notice by fax, email or any other means.

<p>D + 2 Trading Days:</p> <p>Before 3:00 p.m. CET:</p> <p>Before 5:30 p.m. CET</p>	<p>Exchange of contracts for delivery between buying Clearing Members and final matching between buying Clearing Members and selling Clearing Members:</p> <ul style="list-style-type: none"> • Possible private agreements among buying Clearing Members to exchange contracts for delivery • Buying Clearing Members confirm exchanges to LCH.Clearnet SA by fax or by email • LCH.Clearnet SA communicates final matches of buying Clearing Members and selling Clearing Members.
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On D+3 Trading Days, buying Clearing members and selling Clearing Members decide which delivery procedure they would like to follow, either the alternative delivery procedure or the CCP delivery procedure (“MATIF delivery procedure”).

IN CASE OF ALTERNATIVE DELIVERY PROCEDURE	
<p>D + 3 Trading Days:</p> <p>Before 12:00 a.m. CET</p> <p>Before 3:00 p.m. CET</p> <p>After 3:00 p.m. CET</p> <p>Upon the reception of the notice of performance duly fulfilled and signed by both buying Clearing Member and selling Clearing Member</p>	<ul style="list-style-type: none"> • Selling Clearing Members forward to buying Clearing Members : <ul style="list-style-type: none"> - completed and signed delivery notices, and - completed and signed notices of performance. • Buying Clearing Members submit to LCH.Clearnet SA: <ul style="list-style-type: none"> - completed and signed delivery notices, and - completed and signed notices of performance. • First possible day for buying Clearing Members to submit buying Clearing Member’s loading provisory notice to selling Clearing Members. • LCH.Clearnet SA closes the Open Positions related to the matching number referenced in the notice of performance.

In case the notice of performance is not received by LCH.Clearnet SA on D+3 before 3:00 p.m. CET, the CCP delivery procedure will apply. In case of CCP delivery procedure, LCH.Clearnet SA closely follows the delivery of goods all along the delivery process taking place during the delivery month.

IN CASE OF CCP DELIVERY PROCEDURE	
<p>D + 3 Trading Days:</p> <p>Before 12:00 a.m. CET</p> <p>Before 3:00 p.m. CET</p> <p>After 3:00 p.m. CET</p>	<ul style="list-style-type: none"> • Selling Clearing Members forward to buying Clearing Members: <ul style="list-style-type: none"> - a completed and signed delivery notice. • Buying Clearing Members submit to LCH.Clearnet SA: <ul style="list-style-type: none"> - a completed and signed delivery notice. • First possible day for buying Clearing Members to submit a loading provisory notice to selling Clearing Members.
<p>Delivery Day(s) (D0) – 5 business days¹:</p> <p>By 4:00 p.m. CET</p>	<ul style="list-style-type: none"> • The buying Clearing Member informs the selling Clearing Member and LCH.Clearnet SA of the date and time at which the buying Clearing Member's transport shall be presented in readiness for loading to commence via a loading provisory notice. Such date and time being within normal business hours on a business day in the country of loading. In the event of multiple deliveries, the buying Clearing Member must present transport such as to effect a continuous process of loading.
<p>Delivery Day(s) (D0)</p>	<ul style="list-style-type: none"> • Delivery shall take place on this day, between the selling Clearing Member and the buying Clearing Member according to the date and time defined in the loading provisory notice defined above.
<p>Documents presentation day: Delivery Day(s) (D0) + maximum 5 Trading Days from issue of CMR note(s)</p> <p>By 10:00 a.m. CET</p> <p>By 2:00 p.m. CET</p>	<ul style="list-style-type: none"> • The selling Clearing Member lodges delivery documents with the buying Clearing Member directly • The buying Clearing Member may inform LCH.Clearnet SA and the selling Clearing Member in writing that he wishes to reject the specified documents, and in that event the buying Clearing Member shall comply with the required process.

¹ Business day shall mean Monday to Friday, excluding public holidays enforceable in the delivery point where the loading takes place

8.2 - Loading of unsalted lactic butter

Delivery of unsalted lactic butter:

Delivery shall take place at a delivery point within one of the delivery areas included on the list of delivery areas from time to time published by Euronext Amsterdam NV and listed by LCH.Clearnet SA in a Notice, which shall apply to such delivery months specified in the notice as Euronext Amsterdam NV may determine.

Euronext Amsterdam NV may from time to time list or de-list a delivery area, which shall have such effect with regard to existing or new contracts or both as Euronext Amsterdam NV may determine in its absolute discretion.

Delivery of each lot shall take place from a single delivery point within a delivery area that is either a unsalted lactic butter storage facility approved by the competent authority as per regulation (EC) No 853/2004 of the European Parliament and the Council or is an unsalted lactic butter production facility approved by the competent authority as per regulation (EC) No 853/2004 of the European Parliament and the Council.

Unsalted lactic butter delivered shall be free of all liens and claims of any kind and shall be freely available for delivery within the European Union.

Expenses and taxes liabilities:

The selling Clearing Member shall be responsible for all expenses pertaining to delivery and loading of unsalted lactic butter onto the buying Clearing Member's transport including freight taxes and other taxes of any nature of the country of origin or loading.

The buying Clearing Member shall be responsible for all expenses pertaining to entry to and exit from the delivery point.

In the event of multiple deliveries, selling Clearing Members and buying Clearing Members shall be responsible for negotiating a rate of loading that must at the very least fulfil the minimum loading requirements as set out in the unsalted lactic butter exchange contract terms, issued by Euronext Amsterdam NV.

Unsalted lactic butter delivery point:

The selling Clearing Member shall ensure that the delivery point at which the unsalted lactic butter is to be delivered shall:

- i. have storage close to and/or transport facilities to the delivery point, to allow for uninterrupted loading at the prescribed minimum loading rate;
- ii. have sampling facilities to allow independent supervision companies to operate unimpeded;
- iii. have access for independent supervision companies to ensure compliance to unsalted lactic butter base quality as set out in chapter 3 of this Notice.

Packing of unsalted lactic butter:

The unsalted lactic butter shall be packed in corrugated cartons, each with a single new polyethylene liner, of a weight of 25 kg net each. The cartons of each lot shall be uniform and suitable for transport. All cartons shall be of a colour as customarily used by the relevant producer, and for each lot each carton shall bear the same minimum marks written in the English language stating the following:

- (a) product description (e.g. Unsalted lactic butter);
- (b) net weight;
- (c) country of origin;

- (d) date of production;
- (e) name of the producer;
- (f) batch code;
- (g) a recognised EU oval marking incorporating the "EU plant number"

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

The date of production detailed above in (d) must be within six months of the final date of the delivery period and each lot tendered must be of unsalted lactic butter from the same production facility approved by the competent authority as per regulation (EC) n°853/2004 of the European Parliament and the Council and shall consist of unsalted lactic butter made up of no more than three different production batches.

The unsalted lactic butter shall be stored frozen at a minimum temperature of -18 Celsius, protected from moisture and foreign odours.

Loading of unsalted lactic butter

The unsalted lactic butter shall be loaded with the following provisions:

- (i) unsalted lactic butter to be loaded onto the buying Clearing Member's transport must be stacked on wooden pallets suitable for food contact use;
- (ii) the selling Clearing Member shall load each lot of unsalted lactic butter onto the buying Clearing Member's transport at a rate of no less than 12 tons per hour during the normal business hours of each business day in the country of loading with such loading to commence and finish within a four hour delivery window commencing on the date and time detailed in the loading provisory notice made by the buying Clearing Member five (5) business days prior to delivery;
- (iii) the selling Clearing Member shall load from each delivery point at a minimum rate of eleven (11) lots of unsalted lactic butter per day with such loading to take place during the normal business hours of each business day in the country of loading (to fulfil this requirement each delivery point must be able to handle loading of a minimum of six (6) lots during the same time period).
- (iv) the selling Clearing Member is liable to pay any additional waiting charges or demurrage rates incurred by the buying Clearing Member in the event that a lot of unsalted lactic butter is loaded at a rate of less than twelve (12) tons per hour within the allotted four hour delivery window during the normal business hours of each business day in the country of loading. Such additional waiting charges or demurrage rates shall be equal to those detailed in the contract between the buying Clearing Member and the carrier of the buying Clearing Member's goods with the rate of additional charges being declared by the buying Clearing Member to the selling Clearing Member no later than 24 hours prior to the commencement of loading;
- (v) in the event that the buying Clearing Member's transport is not present and/or ready to load in accordance with the loading provisory notice made by the buying Clearing Member five (5) business days prior to delivery, then for each hour of delay incurred during the normal business hours of each business day in the country of loading, the selling Clearing Member may charge the buying Clearing Member a penalty that is equivalent to the rate of additional waiting charges or demurrage rates as detailed in the contract between the buying Clearing Member and the carrier of the buying Clearing Member's goods.
- (vi) the selling Clearing Member shall ensure that loading, including palletisation, complies with local safety regulations.
- (vii) All other terms pertaining to loading shall be in accordance with the contract between the buying Clearing Member and the carrier of the buying Clearing Member's goods.

8.3 – Presentation of documents

For each lot delivered under the terms of the unsalted lactic butter future contract, the selling Clearing Member shall present within five (5) Trading Days of the issue of the CMR note the following documents to the buying Clearing Member, by 10:00 a.m. CET on the day of presentation of documents, only evidencing the proper fulfilment of the terms of the unsalted lactic butter future contract and conforming with the information given by the selling Clearing Member in the notification notice:

- commercial invoice;
- copy of the CMR note;
- packing list showing composition of each lot including batch numbers, number of bags per batch, pallets per batch and marks per batch; and
- certificate(s) of analysis issued by an independent analyst and which guarantees a minimum shelf life for the unsalted lactic butter of eighteen (18) months from the date of production.

Without prejudice to the buying Clearing Member's ability to request that the selling Clearing Member provides additional documents, the buying Clearing Member shall not be entitled to require the presentation of any documents in return for payment other than those specified above.

The documents shall be deemed to have been accepted by the buying Clearing Member unless, prior to 2:00 p.m. CET on the day of presentation of documents, the buying Clearing Member has notified LCH.Clearnet SA and the selling Clearing Member in writing that the documents are rejected by the buying Clearing Member on the grounds that they do not evidence the proper fulfilment of the terms of the unsalted lactic butter contract, and the documents have been returned to the selling Clearing Member..

In such case, the buying Clearing Member shall state in the notice, with reasonable precision, the respects in which the documents do not evidence such fulfilment. The buying Clearing Member shall be precluded from relying on any grounds for the rejection of the documents which are not stated in any such notice. For the avoidance of doubt, where a selling Clearing Member presents more than one set of documents to the buying Clearing Member, the buying Clearing Member shall not be entitled to reject any documents which are tendered in respect of a lot or lots, where this is solely on the ground that the buying Clearing Member has rejected a document or documents which relate to a different lot or lots.

Where documents have been rejected by the buying Clearing Member, the selling Clearing Member may re-present documents, provided that any such re-presentation takes place within five (5) Trading Days of the issue of the CMR note.

Title to goods shall not pass from the selling Clearing Member and final payment shall not pass from the buying Clearing Member to the selling Clearing Member until the buying Clearing Member has accepted the documents. Such final payment shall be effected within three (3) Trading Days of presentation and acceptance of documents.

8.4 – Appointment of supervisor by the buying Clearing Member

The buying Clearing Member may, at his own expense, appoint an internationally recognised independent or, with the written consent of the buying Clearing Member, a state supervision firm, to supervise and inspect the loading of the unsalted lactic butter to be delivered to the buying Clearing Member.

Such appointment shall take place at least 48 hours prior to the selling Clearing Member commencing loading of the unsalted lactic butter. The buying Clearing Member shall upon the appointment of a supervisor notify the selling Clearing Member of such appointment.

If either party has a claim or wishes to bring a claim, as to the quality, weight or packing of the unsalted lactic butter, it may refer such claim to arbitration in accordance with the delivery default procedure as set out in Instruction III.4-4 related to the delivery of commodity future contracts.

9 – CASH PAYMENT

The provisions of this Chapter 9 apply to the Clearing Members opting for the CCP delivery procedure.

Pursuant to Instruction III.4.4, the payment is made bilaterally between the selling Clearing Member and the buying Clearing Member.

9.1 - Payment for goods

Final payment shall be effected within three (3) Trading Days after presentation and acceptance of documents, as set out in the chapter 8 above, by 2:00 p.m. CET on the day of payment.

The amount to be paid for each lot of unsalted lactic butter is defined in the unsalted lactic butter exchange contract terms issued by Euronext Amsterdam NV. This amount in respect for each lot is referred to in the notification notice.

Title to goods shall not pass from the selling Clearing Member to the buying Clearing Member and final payment shall not pass from the buying Clearing Member to the selling Clearing Member until the buying Clearing Member has accepted the documents.

9.2 - Delivery of the notice of performance

Upon the day of final payment by 4:00 p.m. CET, a notice of performance, duly fulfilled and signed by the selling Clearing Member and the buying Clearing Member, shall be sent to LCH.Clearnet SA (see Appendix 2 Document C).

The receipt of the notice of performance bearing the signature and seal of the buying Clearing Member and selling Clearing Member acknowledges the proper performance of their reciprocal obligations to the contract and terminates LCH.Clearnet SA's role as central counterparty and LCH.Clearnet SA's guarantee of final settlement.

The notice of performance must relate to one only matching number assigned by LCH.Clearnet SA.

10 – MARGINS

10.1 – Chronological schedule for Margin calls:

In what follows, D is the last Trading Day or the Expiry of the contract.

COMMON PROVISIONS TO BOTH ALTERNATIVE DELIVERY PROCEDURE AND CCP DELIVERY PROCEDURE	
From the 12th Trading Day before D until the Trading Day preceding the Expiry (D-12 to D-1):	<ul style="list-style-type: none">• Buying Clearing Member and selling Clearing Member submit the "Delivery Month Charge" (or spot month charge) to LCH.Clearnet SA
D (Trading Day) or contract's Expiry day:	<ul style="list-style-type: none">• Expiry,• LCH.Clearnet SA nets buying Clearing Members' and selling Clearing Members' Open Positions at the Settlement Price,• Margin calculation and call for Open Positions on the basis of the Settlement Price,• Buying Clearing Member and selling Clearing

	Member submit the "Close to expiry" margin to LCH.Clearnet SA.
D + 1 Trading day:	<ul style="list-style-type: none"> • Buying Clearing Member and selling Clearing Member submit the "Close to expiry" margin to LCH.Clearnet SA, • Payment of Variation Margin on the basis of the Settlement Price
D + 2 Trading day:	<ul style="list-style-type: none"> • Buying Clearing Member and selling Clearing Member submit the "Close to expiry" margin to LCH.Clearnet SA
D + 3 Trading day: Before 3.00 p.m. CET	<ul style="list-style-type: none"> • Buying Clearing Member and selling Clearing Member submit the "Close to expiry" margin for each Open Position to LCH.Clearnet SA

IN CASE OF ALTERNATIVE DELIVERY PROCEDURE	
D + 3 Trading day: Before 3.00 p.m. CET	<ul style="list-style-type: none"> • Receipt of the notice of performance duly fulfilled and signed by both buying Clearing Member and selling Clearing Member, which acknowledges the fulfilment of their reciprocal obligations and therefore the end of LCH.Clearnet SA CCP guarantee of final settlement.
D + 4 Trading Days:	<ul style="list-style-type: none"> • "Close to expiry" Margin is returned by LCH.Clearnet SA

In case the notice of performance is not received by LCH.Clearnet SA on D+3 before 03:00 p.m. CET, the CCP delivery process will apply.

IN CASE OF CCP DELIVERY PROCEDURE	
D + 3 Trading Days: Before 3:00 p.m. CET After 3:00 p.m. CET	<ul style="list-style-type: none"> • Buying Clearing Members and selling Clearing Members do not submit the notice of performance to LCH.Clearnet SA • LCH.Clearnet SA calls for payment of the delivery management fee • Buying Clearing Members and selling Clearing Members pay delivery Margins deposit to LCH.Clearnet SA
D + 4 Trading Days:	<ul style="list-style-type: none"> • “Close to expiry” Margin is returned by LCH.Clearnet SA
Payment day: documentation presentation day (which is equal to Delivery Day(s) (D0) + maximum 5 Trading Days from issue of CMR note(s)) + maximum 3 Trading Days	<ul style="list-style-type: none"> • Receipt of the notice of performance duly fulfilled and signed by both buying Clearing Member and selling Clearing Member, which acknowledges the fulfilment of their reciprocal obligations, and therefore the end of LCH.Clearnet SA CCP guarantee of final settlement.
Payment day + 1 Trading Day:	<ul style="list-style-type: none"> • Delivery Margin is returned by LCH.Clearnet SA

10.2 – Delivery month charge (also known as spot month charge)

Starting on the twelfth Trading Day preceding the expiry day (D-12), assuming that this day is a Trading Day, or if not, on the next Trading Day, and until the Trading Day preceding the Expiry (D-1), LCH.Clearnet SA calls for a delivery month charge.

10.3 - Close to expiry Margin

Starting on the expiry day (D) and until the Third Trading Day following the expiry included (D+3), LCH.Clearnet SA calls for "close-to-expiry" Margin, according to the conditions set out in the Instruction III.4.4 applicable to the delivery of future commodity contracts.

10.4 – Delivery Margin and supplementary Delivery Margin

Delivery Margins and any supplementary Delivery Margins are called according to the conditions set out in the Instruction III.4.4 dedicated to the delivery of future commodity contracts.

10.5 – Delivery management fee

In the absence of a notice of performance duly fulfilled and signed before 3.00 p.m. CET, on the third Trading Day following the expiry (D+3), LCH.Clearnet SA debits buying Clearing Member and selling Clearing Member on D+3 after 3.00 p.m. CET for a delivery management fee for each contract that gives rise to a matching.

11 – FAILURE TO DELIVER

The provisions of the Instruction III.4.4, related to the procedure in case of delivery failure of Clearing Member, are fully applicable to the delivery of unsalted lactic butter future contract. Complementary to Instruction III.4.4., this Chapter aims to define the specific provisions applicable in case of failure to deliver on unsalted lactic butter future contract.

11.1 – Failure of the selling Clearing Member during the delivery period

Failure to deliver the goods:

The selling Clearing Member is in default if he fails to make the goods available on the day and time defined in the loading provisory notice.

Once the failure of the selling Clearing Member is established, LCH.Clearnet SA undertakes the following actions:

- informs the buying Clearing Member of the selling Clearing Member's failure;
- mobilises and sells off the Collateral of the selling Clearing Member to the benefit favour of the buying Clearing Member;
- authorises the buying Clearing Member to buy the goods on the physical market, under the conditions set out in the relevant applicable Trading Terms and Conditions. The operation to buy the goods on the physical market must be carried out within a period of fifteen (15) calendar days following the authorisation granted by LCH.Clearnet SA.

Pursuant to Article 1.3.2.8. of the Clearing Book, LCH.Clearnet SA pays a cash compensation to the buying Clearing Member, which is made up of the three following elements:

- in exchange for a certified copy of the purchase contract on the physical market, the difference between the Settlement Price and, if it is higher, the purchase price of the goods on the physical market, if applicable;
- the proven expenses incurred to the buying Clearing Member resulting from the failure of the selling Clearing Member, if applicable;
- a penalty fee which is always charged by LCH.Clearnet SA to the defaulting selling Clearing Member, the amount of which is set at 10% of the value of the goods at the Settlement Price. This penalty is intended to compensate the buying Clearing Member, after deduction of the amount corresponding to the costs and expenses incurred by LCH.Clearnet SA as of the management of the defaulting situation of the selling Clearing Member.

LCH.Clearnet SA returns the remaining Collateral to the selling Clearing Member, which corresponds to the remaining amount of its financial guarantees, if any, after deduction of the penalty and deduction of the expenses paid by the defaulting selling Clearing Member to the non-defaulting buying Clearing Member. LCH.Clearnet SA returns its Collateral to the buying Clearing Member.

Failure to deliver a good which complies with the required quality criteria:

If the goods, after analysis, do not comply with the required quality of deliverable goods, the selling Clearing Member is deemed to have failed to perform its obligations.

LCH.Clearnet SA retains the Collateral of the buying Clearing Member and of the selling Clearing Member until:

- submission of the notice of performance or after amicable agreement between the parties, or after settlement of the dispute before the arbitration court enjoying jurisdiction;
- and payment by the selling Clearing Member of a penalty which amount depends on the amicable agreement made between the parties or the decisions of the concerned arbitration court called to settle the dispute.

11.2 - Failure of the buying Clearing Member during the delivery period

The buying Clearing Member is in default if he fails to load the goods on the day and time defined in the loading provisory notice.

Once it is established that the buying Clearing Member has failed, LCH.Clearnet SA undertakes the following actions:

- informs the selling Clearing Member of the buying Clearing Member's failure;
- mobilises and sells off the Collateral of the buying Clearing Member to the benefit favour of the selling Clearing Member;
- authorises the selling Clearing Member to sell the goods on the physical market, under the conditions set out in the relevant applicable Trading Terms and Conditions. The operation to sell the goods on the physical market must be carried out within a period of fifteen (15) calendar days following the authorisation granted by LCH.Clearnet SA.

Pursuant to Article 1.3.2.8 of the Clearing Book, LCH.Clearnet SA pays cash compensation to the selling Clearing Member, which is made up of the three following elements:

- in exchange for a certified copy of the purchase contract on the physical market, the difference between the Settlement Price and, if it is lower, the selling price of the goods on the physical market, if applicable;
- the proven expenses incurred to the selling Clearing Member resulting from the failure of the buying Clearing Member, if applicable;
- a penalty fee which is always charged by LCH.Clearnet SA to the defaulting buying Clearing Member, the amount of which is set at 10% of the value of the goods at the Settlement Price. This penalty is intended to compensate the selling Clearing Member, after deduction of the amount corresponding to the costs and expenses incurred by LCH.Clearnet SA as of the management of the defaulting situation of the buying Clearing Member.

LCH.Clearnet SA returns the remaining Collateral to the buying Clearing Member, which corresponds to the remaining amount of its financial guarantees, if any, after deduction of the penalty and deduction of the expenses paid by the defaulting buying Clearing Member to the non-defaulting selling Clearing Member. LCH.Clearnet SA returns its Collateral to the selling Clearing Member.

12 - FORCE MAJEURE

The provisions of the Instruction III.4.4, related to the procedure in case of Force Majeure are fully applicable to the delivery of unsalted lactic butter future contract.

Pursuant to article 1.3.3.12 of the Clearing Rule Book related to Force Majeure, the following provisions set forth the procedures under which a party can invoke Force Majeure, and the principles governing its resolution.

The party invoking Force Majeure as a hindrance to delivering or receiving all or part of the merchandise shall immediately send a fax or an email to its counterparty and to LCH.Clearnet SA explaining the nature of such hindrance, its likely duration and the tonnage concerned.

When the hindrance ceases to exist, the party invoking Force Majeure shall inform the counterparty and LCH.Clearnet SA thereof by fax or email within two (2) working days.

In the event of disagreement concerning the nature of the event and/or the duration of the hindrance, the parties can bring the matter before the competent arbitration board.

If the arbitration board reaches a final decision that a party has wrongly invoked force majeure, such party shall be deemed to have failed to perform its obligation. In such a case, the provisions herein shall be superseded by the provisions related to procedures in case of delivery failure. The calculation of the penalty is made for the performance period, extended by the extensions wrongly obtained by the defaulting party.

In case of unforeseeable events preventing definitively the delivery of the goods, the contract will be terminated for the quantity to be executed.

If the event is temporarily (strike, lock-out, temporarily impossibility to load, etc.),

- the periods to make the goods available or the transfer of possession are then extended, without any claim for penalty or raise in price being admitted until the third business day following the end of the said hindrances. In accordance with the Trading Terms and Conditions, this extension may not exceed 30 calendar days;
- the transfer of goods will be extended to the first Trading Day following the end of this hindrance and the payment deadlines and the remittance of documents will be extended accordingly.

If the hindrance exceeds the last Trading Day of the delivery month, as extended, the contract shall be terminated for the quantity remaining to be executed.

In case of agreement between the parties, and pursuant to the procedures proposed by them, the removal of the goods is done:

- o departure by rail,
- o departure by road,
- o or any other possible means of removal.

In the absence of agreement between the parties, LCH.Clearnet SA may propose the removal of the goods in accordance with the above mentioned procedures.

In such a case, LCH.Clearnet SA indicates the conditions applying to the counterparts in connection with the evacuation means.

If there is no agreement between the parties on the basis of the previous article, the total or partial non performance of the contract due to Force Majeure entails automatically:

- o on one hand, the termination of the said contract to the extent of the quantity not delivered or received ;
- o on the other hand, the financial payment which corresponds to the difference between the value of the unexecuted quantity at the Settlement Price and a fair value set by Euronext in consultation with LCH.Clearnet SA, based on available information (i.e. average price of the goods recorded on the cash market or market survey where appropriate, on the last day of the Delivery Period as extended).

This difference is charged by LCH.Clearnet SA to:

- o the selling Clearing Member if the fair value set by Euronext in consultation with LCH.Clearnet SA is greater than the Settlement Price;
 - o the buying Clearing Member if the fair value set by Euronext in consultation with LCH.Clearnet SA is lesser than the Settlement Price;
- and is to be paid by LCH.Clearnet SA to the other relevant Clearing Member.

APPENDICES

APPENDIX 1

Method to assign delivery points to buying Clearing Members and method to match buying Clearing Members and selling Clearing Members

APPENDIX 2

Model documents

- | | |
|-------------------------|------------|
| - Notification Notice | Document A |
| - Delivery Notice | Document B |
| - Notice of Performance | Document C |

APPENDIX 1

Method to assign delivery points to buying Clearing Members and method to match buying Clearing Members and selling Clearing Members

A – Assignment of delivery points to buying Clearing Members

Principle

The assignment of delivery points to buying Clearing Members is carried out on a pro rata basis with the remaining contracts allocated, after calculation, to the buying Clearing Member with the largest remaining portion of contracts. Notification notices are distributed in accordance with the Clearing Member's total share of Open Positions to be delivered.

When several delivery points have been notified by selling Clearing Members, assignment is carried out point by point, starting with those to which selling Clearing Members have assigned the most lots. If the points have the same capacity, the choice is made at random. Likewise, in cases where remaining capacity is identical; assignment is carried out at random.

Example: assignment of 200 lots

- Distribution to three delivery points:
 - 85 lots to Point 1
 - 70 lots to Point 2
 - 45 lots to Point 3

- Four buying Clearing Members (B1, B2, B3 and B4) having 100, 50, 30 and 20 lots to be delivered, respectively.

	Point 1: 85 lots			Point 2: 70 lots			Point 3: 45 lots
Buying Clearing Members	Lots for purchase	Result after calculation	Final result	Lots for purchase	Result after calculation	Final result	Final result
B1	100	42.5	42	58	35.304	35	23
B2	50	21.25	21	29	17.652	17+1=18	11
B3	30	12.75	12+1=13	17	10.347	10	7
B4	20	8.5	8+1=9	11	6.695	6+1=7	4

Rules for calculations

Point 1:

B1 is buying a total 100 lots i.e. 50% of the total to be delivered (100/200). Consequently, 50% of the lots delivered at delivery point 1 will be assigned to him:

$$[100 / (100+50+30+20)] * 85 = 42.5$$

Next, the full amount of the result obtained for each buying Clearing Member is retained (42+21+12+8=83) and the last two lots are assigned with one portion going to A3 (the largest portion going to the buying Clearing Member taking delivery of the greatest number of contracts) and the other portion assigned randomly to B1 or B4.

Point 2:

For the buying Clearing Member B1 the number of lots to take into account is $100 - 42 = 58$.

Point 3:

Assignment of the balance remaining.

B – Method to match buying Clearing Members and selling Clearing Members

Principle

Once delivery points have been assigned for delivery of long Open Positions, buying Clearing Members and selling Clearing Members are matched by delivery point and by a given number of lots.

For a given point, matches are calculated by number of lots in decreasing order from the largest buying Clearing Member to the largest selling Clearing Member (the concept of buying Clearing Member/selling Clearing Member should be understood here to be by Clearing Member / clearing subdivision class). Finally, buying Clearing Members and selling Clearing Members are matched until their lots are exhausted before moving on to the next buying Clearing Member or selling Clearing Member. In the case where two Clearing Members have the same number of lots to match for the same point, priority is given to the first one retrieved from the database.

Example

Taking Point 1 in the previous example, designated by three selling Clearing Members (S1, S2 and S3) for the following quantities:

Selling Clearing Member	Distribution of lots to be delivered (85 lots in total)
S1	40
S2	30
S3	15

The assignment of delivery points to buying Clearing Members results in the following:

Buying Clearing Member	Distribution of lots to be delivered (85 lots in total)
B1	42
B2	21
B3	13
B4	9

The largest buying Clearing Member (B1) is matched with the largest selling Clearing Member (S1) for 40 lots and with the second largest selling Clearing Member (S2) for the balance (2 lots). Then, 21 of S2's remaining 28 lots are matched with the second largest buying Clearing Member's total number of remaining lots (21 lots) and the balance with B3 (7 lots). Finally, S3 is matched with B3 (6 lots) and with B4 (9 lots).

Consequently, provisional matches for Point 1 are as follows:

Buying Clearing Members	Selling Clearing Members	Number of lots
B1	S1	40
B1	S2	2
B2	S2	21
B3	S2	7
B3	S3	6
B4	S3	9

APPENDIX 2

A – NOTIFICATION NOTICE
B – DELIVERY NOTICE
C – NOTICE OF PERFORMANCE

**LCH.CLEARNET SA
UNSALTED LACTIC BUTTER FUTURE CONTRACT IN EUROS**

NOTIFICATION NOTICE TO LCH.CLEARNET SA

Selling Clearing Member:

Origin:
(house or client)

Delivery month:

Number of lots:

Delivery area:

Please note that, to execute our futures sales contract as mentioned above, we will deliver.....metric tons of unsalted lactic butter of sound, fair and merchantable quality, all duties and taxes paid, at the FCA price, of EUR..... per net metric ton.

This notification notice includes our commitment to strictly conform to LCH.Clearnet SA Clearing Rules.

Signed in(location)
on(date)

Signature and seal of the selling Clearing Member

To be submitted to LCH.Clearnet SA before 10:30 a.m. CET on the first Trading Day following the Expiry

LCH.CLEARNET SA
UNSALTED LACTIC BUTTER FUTURE CONTRACT IN EUROS

DELIVERY NOTICE

Matching number:
(assigned by LCH.Clearnet SA)

From the selling Clearing Member:

Selling Clearing Member order-giver.....

From the buying Clearing Member:.....

Buying Clearing Member order-giver.....

Expiry:

Number of lots:

Delivery area:

Delivery/loading point:

Please note that pursuant to the Clearing Rules and following the application by LCH.Clearnet SA of our notification notice n° dated....., we will deliver to you..... metric tons of unsalted lactic butter at the FCA price, of EUR per metric ton net.

This notice includes our commitment to strictly conform to all provisions of LCH.Clearnet SA Clearing Rules.

Date

Date

Signature and seal of Clearing
Member making delivery

Signature and seal of Clearing
Member accepting delivery

Original to be returned to LCH.Clearnet SA by the buying Clearing Member with the signatures and seals of both Clearing Members before 3:00 p.m. CET on the third Trading Day following the Expiry, noting buying Clearing Member's acceptance.

LCH.CLEARNET SA
UNSALTED LACTIC BUTTER FUTURE CONTRACT IN EUROS

NOTICE OF PERFORMANCE

Matching number:.....
(assigned by LCH.Clearnet SA)

From the selling Clearing Member:

Selling Clearing Member order-giver.....

From the buying Clearing Member:.....

Buying Clearing Member order-giver.....

Expiry:

Number of lots:

Delivery area:

Delivery/loading point:

The delivery notice for the maturity month of referenced above, involving
metric tons of unsalted lactic butter futures contract at the FCA price, of EUR per
metric ton net,

- was duly performed (1)
- was partially performed for tons (1)

- in accordance with LCH.Clearnet SA's delivery procedure (1)
- in accordance with a commercial contract (1) (also known as alternative delivery procedure)

(1) Delete items that do not apply.

This notice will entail the return of the various margins for the buying Clearing Member accepting delivery and selling Clearing Member making delivery. It discharges LCH.Clearnet SA from organising this delivery and extinguishes the LCH.Clearnet SA guarantee of final settlement.

Date.....

Date.....

Signature and seal of Clearing
Member making delivery

Signature and seal of Clearing
Member accepting delivery

Original to be returned to LCH.Clearnet SA, with the signatures and seals of the buying Clearing Member and the selling Clearing Member:

- **before 3:00 p.m. CET on the third Trading Day following the Expiry, in case of alternative delivery procedure, or**
- **before 4:00 p.m. CET on the Payment Day, in case of CCP delivery procedure.**

If you have any questions and/or remarks,
Please contact: lhclearnetsa_legal@lhclearnet.com