

GUIDANCE NOTES ON THE CONTRACT RULES FOR LIQUID COCOA PRODUCTS (CP 1)

These Guidance Notes aim to provide informal, non-statutory guidance about FCC Rules. These Guidance Notes do not form part of any FCC Rules whatsoever or any contract subject to any such FCC Rules and shall not affect the construction or interpretation of any such FCC Rules or any such contract.

1. APPLICATION OF CONTRACT RULES

1.1. Law

The Contracts (Rights of Third Parties) Act 1999 has been excluded. This follows recommended action by other commodity associations in preventing a third Party the right to enforce the execution of a contract if either:

- the contract expressly provides that he may, or
- the term purports to confer a benefit on him, unless on a proper construction of the contract it appears that the Parties did not intend the term to be enforceable by the third Party.

2. GENERAL DEFINITIONS

These Contract Rules do not include any definitions or specifications of products.

Therefore it is essential that Buyers and Sellers agree product definitions and/or specifications to apply to any product traded on this contract.

In particular it should be noted that the EU Directive 2000/36/CE does not specify pressed cocoa butter. Although it is generally accepted that cocoa butter will be pressed unless stated otherwise, Buyers who wish specifically to exclude expeller butter, solvent extracted butter or refined butter in any way are advised to state "Pressed Cocoa Butter" in the description of their contracts.

2.3. Collection Contract

For the purpose of this contract, CPT and CIP contracts fall within the definition of a collection contract.

8. DELIVERY

8.1. Delivery terms

As examples

Collection Contract:

- Free Carrier (FCA)
- Ex Works (EXW)
- Carriage Paid to (CPT)
- Carriage Insurance Paid (CIP)

Delivered Contract:

- Delivered Duty Unpaid (DDU)
- Delivered Duty Paid (DDP)

8.2. Quantity

The 3% rule applies against the average partial quantity.

Example:

Company A buys the following from Supplier B:

Contractual Quantity	150 MT
Quantity per partial delivery	25 MT
Number of partial deliveries	6 (= 150 / 25)
3% more or less of partial delivery...	+ /- 0,75 MT

The contract is considered to be completed when a minimum quantity of 149.25 MT or a maximum quantity of 150.75 MT has been delivered.