

## LONDON NOTICE No. 2790

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### ROBUSTA COFFEE STOCKS IN TRIESTE – UPDATE

#### Executive Summary

This Notice provides members with further information regarding the status of Robusta Coffee stocks in Trieste and includes guidance to owners and Warehousekeepers wishing to move Lots from the affected Warehouses.

1. London Notices No. 2785 and No. 2789, issued on 3 and 21 August 2006 respectively, advised members that as a result of evidence of widespread moisture damage the certification of a total of 5,119 Lots of Robusta Coffee stored with Henry Bath Italia SRL (“HBI”) was suspended.
2. The Exchange has been working with HBI to put in place appropriate procedures to ensure that those Lots that are undamaged are able to have their suspension lifted as quickly and expediently as possible. Furthermore, a framework has been agreed whereby new Lots may be formed from the sound bags in Lots found to be damaged. This Notice provides members with information on this process as well as guidance regarding movement of goods from the affected Warehouses.
3. The procedure for inspecting each Lot stored in the affected Warehouses will be undertaken in two stages.
  - (a) Firstly, a visual inspection will be undertaken of the top layer of bags on each pallet within a Lot. If damage is found on any such layer of bags, the Lot shall be deemed unsound and the inspection team shall move onto another Lot. Any remedial action on such a Lot shall be conducted only after the completion of the overall inspection process at HBI.
  - (b) Secondly, if no damage is visible on the top layer of bags, the Lot will be broken down, with the result that each bag will be visually examined for damage. If no damage is found, the Lot shall be re-piled, re-weighed and then have its suspension lifted. If damage is found during the breaking down of a Lot, those bags that are undamaged may, at that time, be used to form a new Lot, in accordance with the requirements of the Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts (“G&WPs”).

Web site: [www.euronext.com/derivatives](http://www.euronext.com/derivatives)

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This process will be supervised by Exchange officials or Exchange-nominated supervisors. The Exchange may adapt the approach outlined above if, during the inspection process, it concludes that variations are appropriate.

4. In order to maximise the rate at which undamaged Lots can have their suspension lifted, the Exchange has instructed HBI to focus its initial efforts on those Warehouses that appear, on initial examination, to contain the lowest proportion of affected Lots, namely, TRI041 and TRI043.
5. Notwithstanding the arrangements put in place to expedite the process by which undamaged Lots can have their suspension lifted, the Exchange is aware that certain owners may wish to transfer goods from the affected Warehouses. However, in order to ensure that an appropriate audit trail is maintained, the Exchange has determined that certain additional requirements be imposed on **all** movements from Warehouses TRI039, TRI041, TRI042, TRI043 and TRI044.
6. These additional requirements are as follows:
  - (a) for movements relating to a physical transaction: the provision of documentary evidence, satisfactory to the Exchange, from both buyer and seller confirming details of the underlying transaction; and
  - (b) for all other movements: that the procedure detailed in Section 3 above be undertaken for the goods once they have been moved to the receiving Warehouse. For the avoidance of doubt, both the movement and the subsequent inspection process must be supervised by Exchange officials or Exchange-nominated supervisors. In addition, all other requirements and provisions of the G&WPs shall apply.
7. Members should note that the Exchange will be focusing available resources, including the Exchange-nominated supervisors, on the supervision of the inspection of Lots in the affected Warehouses. Consequently, requests to supervise the movement of Lots, or their inspection in other Warehouses, will be considered of lesser priority.
8. The process detailed in Section 3 is underway and, commencing on Tuesday 29 August, the Exchange will provide a daily update to the market via its website ([www.liffe.com/reports/commodity](http://www.liffe.com/reports/commodity)) at approximately 18:00 hours London time. This update will detail the total number of Lots inspected since the previous report, the number found to be free from moisture damage and those that have been found to have moisture damage but bags from which could, at some future date, be used to form new Lots.

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

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