

## LONDON NOTICE No. 2797

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### ROBUSTA COFFEE STOCKS IN TRIESTE

#### Executive Summary

This Notice informs members of a change to the process in relation to the re-instatement and re-formation of Robusta Coffee Lots in Warehouses in Trieste.

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. London Notice No. 2790, issued on 25 August 2006, advised members of the process which had been put in place to inspect all of the Lots involved, as well as giving guidance as to the additional requirements imposed in respect of relevant Lots being moved from the affected Warehouses.
2. Up to the close of business on 11 September 2006, a total of 1,220 Lots have been inspected in accordance with the initial process. Of those Lots, 537 have had their suspension of certification lifted, and will be included in the next published stock figures. 609 Lots have been found to include moisture-damaged bags, and would consequently require any undamaged bags to be combined with other undamaged bags, re-piled, re-weighed, re-Warranted, sampled and graded, before being included in the published stock figures. A further 74 Lots were found to be underweight upon reweighing.
3. As a result of the ongoing discussions between HBI and many of its customers together with the Exchange, an alternative process has been agreed, with the continued aim of making the optimum amount of affected Robusta Coffee potentially available in the most expedient manner.
4. The alternative process, where agreed with the owner, is to re-pile, re-weigh, re-Warrant, sample, and grade **every** remaining Lot, thereby avoiding the need to determine whether a Lot is damaged or undamaged or whether it is underweight. The process, as outlined in paragraph 5 below, will at all times take account of the ownership of the Lot(s), as well as other relevant criteria from the Robusta Coffee Futures Contract ("the Contract") and the Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts ("the G&WPs"), in particular with regard to maintaining an appropriate audit trail ensuring each new Lot is ex one vessel.

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

The Euronext Derivatives Markets ("Euronext.liffe") include 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.

5. The alternative process is as follows:
  - (a) A Lot will be broken down, with damaged bags put to one side and undamaged bags put on a clean pallet. The next Lot will then be moved alongside and the same process applied. Even in the event that this next Lot is free from damage, HBI will continue taking bags from such Lots and adding them to the previous Lot until the appropriate weight has been reached for the previous Lot.
  - (b) This new Lot will then be issued with a new warrant number, re-weighed and sampled, in preparation for grading.
6. The Report showing the number of rejections or re-instatements will also now include the number of old warrants de-listed and new warrants created. Specific details relating to inspections since 11 September 2006 will be published this evening. Grading results will continue to be published by Delivery Area in the “Gradings for Robusta Coffee Report” on the Euronext.liffe website ([www.liffe.com/reports/commodity](http://www.liffe.com/reports/commodity)).
7. The Exchange will also continue to report re-instatements and failures where owners of Lots have determined to move goods to other Warehousekeepers and to have the Lots inspected in the original manner.
8. HBI have co-operated fully with the Exchange during the current inspection process. In addition, the Warehousekeeper and the Exchange are continuing to investigate the underlying cause of the damage for communication to the market in due course.

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

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