

# **Ethiopia Commodity Exchange Internal Rules Amendment**

## **No.558/2021**

### **1. Preamble**

1.1 The Ethiopia Commodity Exchange (hereinafter referred to as the “Exchange”) issued these amendment pursuant to Article 12(10) of the Ethiopia Commodity Exchange Proclamation No.550/2007 as It is found necessary to amend the Revised Internal Rules of the Ethiopia Commodity Exchange No.554/2021 (hereinafter referred to as the “Rule”) .

1.2 These Internal Rules shall come into force after the approval by the Ethiopia Commodity Exchange Authority (hereinafter referred to as the “Authority”) as per its powers under Article 6(3) of the Ethiopia Commodity Exchange Authority Proclamation No.551/2007.

1.3 These Internal Rules may be cited as the “Ethiopia Commodity Exchange Internal Rules Amendment No.558/2021”

### **2. Amendment**

The Revised Internal Rules of the Ethiopia Commodity Exchange No.554/2021 (the “Rules”) are hereby amended as follows:-

(1) The following new Sub-Articles 2.1.2 is added under Sub-Article 2.1 of the Rule and Sub-Articles 2.1.2 to 2.1.64 of the Rule is renumbered as Sub-Articles 2.1.3 to 2.1.65 respectively.

"2.1.2 An Affiliate or Sister Company - an organization which is headed by another organization, or two or more organizations headed by a third organization, or an organization which has more than 50% share in the other organization"

(2) Sub-Article 2.1.59 of the Rule is renumbered as Sub-Article 2.1.60 and amended as follows.

“2.1.60. Trading Session - A specified period of trading during which a single contract or group of contracts is traded, and shall be determined based on a place or places where the commodity comes and location of the

Exchange`s warehouse or bonded yard and other factors deemed necessary by the Exchange.”

- (3) The following new Sub-Articles 4.6.5.6 is added under Sub-Article 4.6.5 of the Rule and Sub-Articles 4.6.5.6 of the Rule is renumbered as Sub-Article 4.6.5.7.

“4.6.5.6 A member shall not be obliged to pay annual membership maintenance fee if he requests the seat transfer at the beginning of the budget year by completing the form prepared by the Exchange and have not traded at the Exchange in the budget year.”

- (4) Sub-Article 4.8.1.3 (d) of the Rules is deleted.

- (5) The following new Sub-Articles 4.8.1.4 is added under Sub-Article 4.8.1 of the Rule.

“4.8.1.4 A member who transferred his seat by an auction shall stop trading from the date of the approval of sell of the seat.”

- (6) The following new Sub-Articles 4.8.7 is added under Sub-Article 4.8 of the Rule and Sub-Articles 4.8.7 to 4.8.8 of the Rule is renumbered as Sub-Articles 4.8.8 to 4.8.9 respectively.

“4.8.7 Membership seat sale through Public Auction per Court Order

4.8.7.1 The seat sale of a member of the Exchange shall be conducted through a judgment execution body when the court order the seat sale by public auction due to debt of the member.

4.8.7.2 The Exchange shall provide relevant information related to the sale of the membership seat to Judgment Execution body.”

- (7) Sub-Article 4.9.1.2 of the Rule is amended as follows. The following new Sub-Articles 4.9.1.3 is added under Sub-Article 4.9.1 of the Rule. Sub-Articles 4.9.1.3 of the Rule is renumbered as Sub-Article 4.9.1.4

“4.9.1.2 Unless justification is provided and accepted by the Exchange, the Exchange shall terminate membership, upon expiration of a notice period of three months, if a Member fails to commence trading on the Exchange within three month from a date of approval of membership, or if a member fails to trade for an interval of six months after trading for some time.

4.9.1.3 Reasons which are acceptable under Sub Article 4.9.1.2 includes, nonexistence of transaction at the Exchange in commodity types a member has authorized to trade, situation when a member does not have a trade representative due to reasons which are beyond control of the member, death of sole proprietorship member and other similar reasons which completely prevent a member to conduct trade.”

(8) The following new Sub-Articles 4.9.5 and 4.9.6 is added under Sub-Article 4.9 of the Rule

“4.9.5 The right of a member to sale a seat during revocation of recognition of membership

When a Member`s membership recognition is revoked, unless the member request the Authority for reversal of the revocation of the recognition with in the three months from the date of lapse of appeal period or from the date of rejection of appeal pursuant to the directive of the Authority, and the Authority reverse its decision and give membership recognition back in exceptional circumstances, or the member request the Exchange to sale his membership seat, after three months from the membership revocation, the member`s membership status shall be terminated by the decision of Management of the Exchange, by giving three months` prior written notice, the seat shall be sold by the Exchange and the membership seat fee shall be refunded to the member pursuant to article 4.9.3.2.

“4.9.6 The right of a member to sale a seat during suspension of recognition of membership

When a Member`s membership recognition is suspended, unless the member fulfils criterias which have caused suspension of his recognition and maintain his membership seat within six months from the date of lapse of appeal period or from the date of rejection of appeal, pursuant to the directive of the Authority, or the member request the Exchange to sale his membership seat, up on the lapse of suspension of membership, the member`s membership status shall be terminated by the decision of Management of the Exchange, by giving three months` prior written notice, the seat shall be sold by the Exchange and the membership seat fee shall be refunded to the member pursuant to article 4.9.3.2.”

(9) Sub-Article 4.10.1.1 of the Rule is amended as follows

“4.10.1.1 Any member has a right to be represented by up to four authorized representative(s) in respect of his business at the Exchange. However, no

more than two authorized representatives, including the principal himself are allowed to participate in a single trading session. The Exchange may adjust, per predetermined transparent work procedure, the number of authorized representatives that are allowed to participate in a single trading session by taking in to account member`s participation in trade, volume of commodities traded by a member and the number of his clients.”

(10) Sub-Article 4.14.3 of the Rule is amended as follows.

“4.14.3 Provide to the Exchange an audited financial statement in the form prescribed from time to time by the Exchange within four (4) months of the end of his financial year.”

(11) Sub-Article 4.17.10.1.1 of the Rule is amended as follows

“4.17.10.1.1 Any Non-member Direct Trader has a right to be represented only by two authorized representatives in respect of his business at the Exchange. However, only a principal himself or one of his authorized representative is allowed to participate in single trading session. The authorized representative shall be allowed to represent only one Non Member Direct Trader in the Exchange’s business.”

(12) Sub-Article 5.2.3 (d) of the Rule is amended as follows.

(d) “Pause – cease trading prior to closing when there is a need to keep the integrity of the Exchange trading or any security reason. During pause, entering orders, modification and cancelation is not allowed;”

(13) The following new Sub-Articles 5.2.4 is added under Sub-Article 5.2 of the Rule.

“5.2.4. Electronic Trading Session for Identity preserved commodities

Each electronic auction trading session shall include the following five trading sub-sessions

- a) Seller’s Ask Price sub-session: during this sub-session, the seller can enter or cancel sell order. Order price shall be within the price range, if any.
- b) Buyer’s Bid Price Entry sub-session: during this sub-session, the buyer can enter buy order, or cancel the buy order, however editing the order is not be allowed. Order price shall be within the price range, if any.

- c) Buyer's Bid Price Edit sub-session- during this sub-session, the buyer can edit an order that was entered during the previous sub-session. New order entry shall not be allowed but repetitive edits shall be allowed. Each bid price shall be incremental with at least one birr. Order price shall be with price range, if any.
- d) Seller's Bid Price Acceptance or Rejection sub-session- during this sub-session, the seller shall either accept or reject bid price, if the bid price offered by the buyer is lower than the seller's price offer.
- e) Trade Executions sub-session- this is a sub-session, in which the Exchange's back office execute all matched orders that comes from automatically matched orders or accepted bid prices by seller.
- f) Any other session determined by the Exchange."

(14) Sub-Article 5.3.1.3 of the Rule is amended as follows.

"5.3.1.3 Identification Badges

- a). No floor representative shall be admitted to the trading floor unless wearing Identification badges issued by the exchange, in a prominent position and wearing of trading jacket .
- b) Floor Representative shall return the Exchange identification badge when he is suspended; his trading right is terminated or he is deactivated from trading for various reasons.
- c) No Exchange employee shall be admitted to the trading floor unless wearing in a prominent position at all-time identification badges issued by the Exchange."

(15) The following new Sub-Articles 5.3.1.5 is added under Sub-Article 5.3 of the Rule

"5.3.1.5 Traders shall not talk to each other while on the trading floor"

(16) Sub-Article 5.4.2.1 of the Rule is amended as follows

"5.4.2.1 The one (1) minute period prior to the closing of outcry trading shall be deemed the closing period for each trading session. A first closing call shall be given by the Trading Floor Supervisor at the commencement of the closing period and a final closing call at the close of the trading session. Based on the type of trade,

the Exchange may determine the time of first closing call at the commencement of the closing period and the time of a final closing call at the close of the trading session.”

(17) Sub-Article 5.4.3.2 of the Rule is amended as follows.

“5.4.3.2 If no trades have been executed during the trading session, the closing price shall be the weighted average price of the last recorded price. However, if the last recorded price is two or more days older, the Exchange may reset the price limit as it deems appropriate.”

(18) The following new Sub-Articles 5.4.3.4 is added under Sub-Article 5.4.3 of the Rule

“5.4.3.4 The Exchange shall establish an automated system to determine the daily price filter. However when the automated system does not work, the Exchange may manually apply daily price filter in exceptional scenarios.”

(19) Sub-Article 5.4.6.1 and 5.4.6.2 of the Rule is amended as follows

“5.4.6.1 For commodities which have daily position limit, a member’s daily position limit is the maximum amount, specified in each contract, that a Member is allowed to buy or sell during a trading session.

5.4.6.2 In exceptional circumstances and for reasons to be recorded in writing, the Management of the Exchange (with notice given to the Board and the Authority as soon as practicable) may modify the daily position limits of commodities before execution of trade which have daily position limit within one trading day. The duration of the modified daily position limit shall be determined, as necessary, by the Management of the Exchange.”

(20) The following new Sub-Articles 5.5.11 is added under Sub-Article 5.5 of the Rule and Sub-Articles 5.5.11 to 5.5.23 of the Rule is renumbered as Sub-Articles 5.5.12 to 5.5.24.

“5.5.11 Identity preserved commodities trade on Open Outcry Trading Platform

For identity preserved commodities trade on open outcry Trading Platform, before the trade begins the seller shall receive empty order ticket pad from the Exchange, fill and sign the order ticket, and shall give one copy to the buyer through Exchange’s Trading

Operation Data Assistant. The buyer shall review and approve by his signature the order ticket signed by the seller. The Order ticket shall include the following;

- a) Date
- b) Order Ticket Number
- c) Seller`s Warehouse Receipt Number
- d) Commodity symbol
- e) Quantity
- f) Price
- g) Seller member identification number
- h) Sell Client identification number
- i) Seller`s Authorized Representative identification Number
- j) Seller Signature
- k) Buyer Member identification Number
- l) Buyer`s Authorized Representative identification Number
- m) Buyer Client identification Number
- n) Buyer`s Signature”

(21) Sub-Article 5.5.19.2 (c)(i) of the Rule is amended as follows.

”i. Execute the order (if the trading session is not closed) in the market the same day or the next trading day and adjust the Client’s account if the price is worse than that which the customer should have received had the error not occurred;”

(22) Sub-Article 5.7.1 of the Rule is amended as follows.

“5.7.1 The Exchange may cancel trades to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions. Such action may be taken to rectify market

distortion caused by the improper or erroneous use of the Exchange's Trading Platform or by system defects. The Exchange may cancel any trade if the Exchange determines that allowing the trade to stand as executed may have adverse effect on the integrity of the market."

- (23) The following new Sub-Articles 5.7.2 is added under Sub-Article 5.7 of the Rule and Sub-Articles 5.7.2 of the Rule is renumbered as Sub-Articles 5.7.3

"5.7.2 All decisions to cancel trades shall be reported to the Exchange's Board and the Authority immediately or no later than the business day following the day the trades are cancelled."

- (24) The following new Sub-Articles 6.4.1(b) is added under Sub-Article 6.4.1 of the Rule and Sub-Articles 6.4.1 of the Rule is renumbered as Sub-Article 6.4.1(a)

"6.4 Prohibited Transactions

6.4.1(b) For identity preserved commodities trade, two buy member's trade representatives shall not be allowed to compete to buy one warehouse receipt number for the same client."

- (25) The following new Sub-Articles 6.4.7 is added under Sub-Article 6.4 of the Rule

"6.4.7 Transactions of Affiliated or Sister Companies

6.4.7.1 Affiliated or sisters companies under the same organization which conduct traders at the Exchange shall declare their affiliation once by filling out a form prepared by the Exchange. They shall also declare any subsequent changes in the same manner.

6.4.7.2. Affiliated or sisters companies under the same organization which conduct trades at the Exchange shall not negatively affect market price discovery which is solely determined by supply and demand.

6.4.7.3 Affiliated or sisters companies under the same organization shall be investigated and penalties may be imposed when they perform transaction against Articles 6.4.7.1 and 6.4.7.2 above."

- (26) The following new Sub-Articles 6.4.8 is added under Sub-Article 6.4 of the Rule



“6.4.8 Services for suppliers engage in Direct or Alternative Transaction scheme

6.4.8.1 Pursuant to Coffee Marketing and Quality Control Proclamation Number 1051/2010 and the Regulation and Directive issued for implementation of the Proclamation, when traders present to the Exchange a document given by the pertinent government body showing that they have made a legal agreement to trade through a direct or alternative transaction scheme, the Exchange shall provide information on the quality or grade of the commodity and , aggregate weight of the commodity by weighing it together with the truck.

6.4.8.2 Suppliers can submit claims related to quality or grade of a commodity to the Coffee Quality Liquoring and Inspection Center which is under the Coffee and Tea Marketing & Development Authority.

6.4.8.3 The Exchange shall charge a reasonable fee for the services provided pursuant to this Article.

6.4.8.4 The Exchange shall keep record of full information of the commodity coming to the Exchange to get services stated under Article 6.4.8.1.”

(27) Sub-Article 6.5 (d) and 6.5 (e) of the Rule is amended as follows. The following new Sub-Articles 6.5 (f) is added under Sub-Article 6.5 of the Rule and Sub-Articles 6.5 (f) of the Rule is renumbered as Sub-Articles 6.5 (g).

“d. Except that the member`s and his Trade representative`s right to trade is suspended, the Member requests to transact on transactions which require business license type other than he holds, requests to transact other than its trade side choice and his trader category, the member has active clients based on its trade side choice, and the member is unable to trade due to the sole reason of the Exchange, another Ordinary Member or employee of such Ordinary Member;

e. Except that the member`s and his Trade representative`s right to trade is suspended, the Member requests to transact on transactions which require business license type other than he holds, requests to transact other than its trade side choice and his trader category, the member has active clients based on its trade side choice, and the member is unable to trade due to the sole reason of the Exchange, Limited Member

of the Exchange or an Employee of such Limited Member for a Commodity the Limited Member is qualified to trade; or

- f. Except that the non-member direct trader`s and his trade representative`s right to trade is suspended, the non-member direct trader requests to transact on transactions which require business license type other than he holds, requests to transact other than its trade side choice and his trader category, and the non-member direct trader is unable to trade due to the sole reason of the Exchange, a non-member direct trader or an Employee of such non-member direct trader or"

(28) Sub-Article 7.25.1 of the Rule is amended as follows.

“7.25.1 Presentation of Proposal for amendment of contract

7.25.1.1 A proposal for amendment of a Contract may emanate from need of the Exchange or request from other institution.

7.25.1.2 The concerned Division of the Exchange shall asses the need to introduce or amend a certain commodity standard and grade and forward its findings to the Exchange`s Management and coordinate the overall process.

7.25.1.3 Up on approval of the assessment and finding prepared based on Article 7.25.1.2 by Exchange`s Management, the subject shall be forwarded to a Technical Team (hereinafter referred to as "technical team") established under Article 7.25.2, for a detailed study.”

(29) Sub-Article 7.25.2 of the Rule is amended as follows.

“7.25.2.1 The Technical Team shall be composed of the following members

(i) For Coffee

- a) Two to three coffee quality experts represented by the Exchange (of whom one shall act as chairperson)
- b) One coffee quality expert representing Ethiopian Coffee and Tea Development and Marketing Authority
- c) One coffee quality expert representing Ethiopian Coffee Exporters Association

- d) One coffee quality expert representing the National Exchange Actors Association
- e) One coffee quality expert from other pertinent institution nominated by the Exchange as required.

ii) For Commodities Other than Coffee

- a) Two to three relevant commodity quality experts representing the Exchange (of whom one shall act as chairperson)
- b) One relevant commodity quality expert representing Ethiopian conformity Assessment Enterprise
- c) One relevant commodity quality expert representing the Ethiopian Pulses, Oilseed and Spices Processers and Exporters Association
- d) One relevant commodity quality expert representing the National Exchange Actors Association
- (e) One relevant commodity quality expert from other pertinent institution nominated by the Exchange.

7.25.2.2 The Technical Team shall conduct meetings as frequently as required;

7.25.2.3 There shall be a quorum where two-thirds of the members, are present.

7.25.2.4 Resolution of the Technical Team shall be passed by a majority vote of members present at a meeting. In case of a tie, however, the chairperson shall cast the deciding vote.

7.25.2.5 The Technical Team shall provide service for the time required to develop commodity standards for subsequent amendments.

7.25.2.6 The Technical Team shall provide written recommendations on technical aspects of commodity grade and classification to the concerned Division of the Exchange. The written recommendation shall be presented by the concerned Division of the Exchange to an Industry Consultation Committee for the subsequent input.”

(30) Sub-Article 7.25.3 of the Rule is amended as follows.

“7.25.3 The Training, Research and Business Development Division shall undertake market analysis of the technical recommendations provided by the Technique Team and shall draft a trading contract.”

(31) Sub-Article 7.25.4 of the Rule is amended as follows.

“7.25.4 The draft contract shall be presented to an Industry Consultation Panel constituted for the particular contract.”

(32) Sub-Article 7.25.5 of the Rule is amended as follows

“7.25.5 Up on formal invitation by the Exchange, the Industry Consultation Panel shall be composed of the following members:

- a. Ten or more representatives from among sellers of the particular commodity, representing growers and traders, drawn from legally recognized trade or industry associations or other organizations;
- b. Ten or more representatives from among buyers of the particular commodity, representing exporters, traders, and processors, drawn from legally recognized trade or industry associations or other organizations;
- c. If more than ten representatives are participating pursuant to (a) and (b) above in same Sub-Article, the representation shall be proportional; and
- d. Where there is no legally recognized industry association or representative entity, the concerned Division of the Exchange shall analyze the sector and recommend the relevant representatives for invitation by the Exchange.”

(33) Sub-Article 7.25.6 to 7.25.12 of the Rules is renumbered as Sub-Article 7.25.6 to 7.25.13 respectively and Sub-Article 7.25.13 to 7.25.14 of the Rules is renumbered as Sub-Article 7.25.14 to 7.25.15 respectively.

“7.25.6 Without prejudice to Sub-Article 7.25.5 of this Article, the selection of the representatives of the industry or trade associations shall be on the basis of representation of the associations.

7.25.7 The Industry Consultation Panel's sole purpose shall be to review the draft contract and provide written feedback to the Exchange.

7.25.8 In consultation with relevant divisions of the Exchange, the concerned Division of the Exchange shall finalize the contract using the study document obtained from the Technical Team and the Industry Consultation Panel and present the same to the Exchange's Management for endorsement.

7.25.9 Upon receiving the endorsement of the Exchange's Management, the Concerned Division shall prepare the final version of the contract and submit the same to the Compliance Department for compliance review. The Compliance Department shall present the final version of contract for endorsement to the Board of the Exchange.

7.25.10 Upon receiving the endorsement of the Board of the Exchange, Compliance Department shall send the contract to the Ethiopia Commodity Exchange Authority for approval.

7.25.11 The Exchange shall attach to the contract sent to the Authority for approval a general report that includes a summary of study relating to the proposed contract, opinion of the Technical Team and the Industrial Consultation Panel on such contract.

7.25.12 Compliance Department shall document or archive the approved contract and provide the same whenever required.

7.25.13 Without prejudice to relevant provisions of Article 7 of the Revised Rules, the above provisions under Sub-Article 7.25 shall also be applicable for amendment of an already approved contract."

(34) The following new Sub Article 10.6.1 is added under Sub Article 10.6 of the Rule. Sub-Articles 10.6.1 to 10.6.2 are renumbered as 10.6.2 to 10.6.3 respectively.

"10.6.1 Clearing Date

Unless the Exchange determines otherwise, for transactions conducted at the Exchange, settlement days shall be from Monday to Saturday excluding Public holidays."

(35) Sub Article 10.6.1 of the Rule is renumbered 10.6.2 and is amended as follows.

“10.6.2 Member Net Obligation Statements

10.6.2.1 Based on trades executed by Members and matched by the Clearing and Settlement, the Clearing and Settlement shall produce Member Net Obligation Statements at 8:00 A.M on the next settlement day after the trading day notifying each Member of their Pay-In/Pay-Out obligations for each trade. The Member Net Obligation Statement shall be binding on the Members.

10.6.2.2 Trading Members, Intermediary Members, Clearing Buy-only Limited Trading Members, Sell-Only Limited Members and Non-Member Direct Traders shall be responsible for collecting their Net Obligation Statements from the Clearing and Settlement of the Exchange on the next settlement day after the trading day. The Exchange may send Net Obligation Statements to Members electronically.”

(36) Sub Article 10.6.2 of the Rule is renumbered 10.6.3 and is amended as follows.

“10.6.3 Post-Trade Settlement

10.6.3.1 Transfer of Funds

The Clearing and Settlement shall debit Members’ Net Buy Obligations from the Member Pay-In account or Members’ Client Pay-In account or the Member’s Clearing Pay-In account, where applicable, between 8:00 and 9:00 A.M. on the next settlement day after trading day.”

10.6.3.2 The Exchange shall credit Members’ Net Sell Payments/Obligations to the

Trading Member’s and the Intermediary Member’s Pay-Out Account or Client Pay-Out Account or to the Limited Intermediary Member’s Pay-Out Account or Sell-only Limited Trading Member’s Pay-out account where applicable, between 11:00 and 12:00 A.M. on the next settlement day after trading day.

10.6.3.3 On the basis of the final Member Net Obligation Statements, the central depository shall produce Member/Client Delivery Notices on the first working day after the trading day for each Member and Client who must tender

Warehouse Receipts for delivery of Exchange traded commodities. The Delivery Notices shall be binding on the Member and Client.”

(37) Sub-Articles 11.3.4 and 11.3.6 of the Rules is amended as follows.

“11.3.4 If the expiration period is reached and the deposited commodity has not been picked up, the Warehouse shall re-grade the deposited commodity and the Central Depository shall continue to collect late pick up charges.

11.3.6 If the expiration period is reached and the deposited commodity has not been picked up, the Central Depository depending on the type commodity contract shall give two written notices of late pick up to the buyer, at the half of late period and five days prior to liquidation of the commodity.”

(38) Sub-Article 14.3.2 of the Rules is amended as follows.

“14.3.2 When establishing a relationship with a new Client, a Member must take reasonable steps to assess the background, genuineness, financial soundness of such person, his investment objectives, shall request him provide tax clearance document and take appropriate measures and shall make adequate disclosures of relevant material information in its dealing with his Clients, including the current best price of trade or order quantities on the Exchange, as also any relevant announcement from the Exchange relating to deposits, trading restrictions as to price or quantity.”

(39) Sub-Article 14.8.3 of the Rules is amended as follows.

“14.8.3 Every Member shall furnish to the Exchange, its audited financial statement and such report shall be furnished not later than four months after the end of the Member’s financial year, provided that when the Exchange is satisfied that circumstances warrant an extension of time is necessary to furnish such report, it may grant an extension of such time as it may deem fit.”

(40) Sub-Article 15.2.3.1 of the Rules is amended as follows.

“15.2.3 Category three disciplinary violations include the following acts and/or omissions:

15.2.3.1 Acts or omissions which violate Sub-Articles 4.5.5, 4.5.6, 4.5.11, 4.5.14, 4.6.3.2, 4.11, 4.12.1, 4.12.5, 5.4.4.1, 5.4.6.1, 5.5.1.4, 5.5.5 , 5.5.8.5 , 5.5.8.6

, 5.5.17 , 6.3 , 6.4 , 6.6 , 8.2.2, 10.5, 14.1, 14.2, 14.3, 14.4, 14.5, 14.6, 14.7, 14.8 , or 17.2.3”

(41) Sub-Article 16.1.3.3 of the Rules is amended as follows.

“16.1.3.3 Save as otherwise agreed by the parties, if the value of the claim, difference or dispute is more than Birr 250,000/Two Hundred Thousand Birr/ on the date of application, then such claim, difference or dispute shall be referred to a panel of three arbitrators and if the value of the claim, difference or dispute is up to Birr 250,000/Two Hundred Thousand Birr/, then the same shall be referred to a sole arbitrator.”

(42) Sub-Article 16.1.4 of the Rules is amended as follows.

“16.1.4 Conciliation

16.1.4.1 Without prejudice to the right of the parties to directly opt for Arbitration, when dispute arises between parties and upon receiving application, the relevant staff of the Exchange shall look into the case and communicate the parties to settle their disputes by conciliators of their own choice by giving them a deadline to settle their dispute. When the parties settled their dispute within the given deadline and communicate the same to the relevant staff of the Exchange by producing a written agreement of conciliation, the relevant staff of the Exchange shall confirm the settlement of the dispute through conciliation and close the file.”

16.1.4.2 If the dispute between the parties fails to be settled by conciliation in accordance with sub article 16.1.4.1, the relevant staff of the Exchange shall direct the case to arbitration pursuant to the rules of the Exchange.

16.1.4.3 In a case where the conciliation has failed, the conciliator or conciliators shall not be appointed subsequently as an arbitrator in the same case.”

(43) The following new Sub-Article 16.1.28 is added under Sub – Article 16.1 of the Rules

“16.1.28 Execution of Arbitral Award



16.1.28.1 The Exchange shall notify the judgment-debtor in writing to comply with the arbitral award rendered by the arbitrator/s within one month from the date of the Judgment.

16.1.28.2 If the judgment-debtor fails to comply with the judgment rendered by the arbitrator/s within one month as per sub-article 16.1.28.1, the judgment-debtor shall be suspended from trading as per sub-article 4.7.1.5 of the Rule.”

(44) Sub-Article 16.2.2 of the Rules is amended as follows.

“16.2.2 Grade Appeal Procedures for Coffee

“Coffee Quality Liquoring and Inspection Center under the Coffee and Tea Marketing & Development Authority (Hereinafter “Coffee Quality Inspection Center”) shall resolve disputes on quality or grade between a depositor or buyer and the Exchange in accordance with the following provisions. However, claims to down grade the Exchange given grade to a local grade coffee shall not be accepted.”

(45) Sub-Article 16.2.2.1.2 of the Rules is amended as follows.

“16.2.2.1.2 Without prejudice to the necessity of attempting negotiation as a first resort, unless prevented by force majeure, the depositor or buyer who has complaint on grade shall file his complaint with the Coffee Quality Inspection Center for Expert Determination within 24 hours from the moment the claimant is notified of the grade and quality assigned to the deposited coffee by the Exchange’. A complaint shall be filed by filling out a complaint form created by the Exchange.”

(46) The following new Sub-Article 16.2.2.1.3 is added under 16.2.2.1 of the Rule. Sub-Article 16.2.2.1.3 of the Rules is renumbered as 16.2.2.1.4

“16.2.2.1.3 As determined by the Exchange`s working manual when a buyer brings claim in accordance with sub-article 16.2.2.1.2 of the rules, the Exchange may notify the claim to the seller forthwith in writing or in electronic form. The seller or its representative may attend while the sample is taken as per sub-article 16.2.2.8.2 before the buyer took the commodity out of the

Exchange`s warehouse premise. The sample taking process will continue regardless of failure of the seller`s or its representative`s attendance. Finally, the Exchange shall notify the seller the result of Expert determination in writing.”

(47) Sub-Article 16.2.2.1.3 of the Rules is renumbered as 16.2.2.1.4 and amended as follows.

“16.2.2.1.4 Upon receipt of a complaint, the Coffee Quality Inspection Center shall, within a maximum of three working days,

- b. Organize quality expert panel by assigning three qualified experts from its staff and calling one expert from the Exchange and the complainant each, in order to make a panel of five members in totality; provided however that, where the complainant or the Exchange is unable and/or unwilling to assign an expert, the Coffee Quality Inspection Center may assign one or more additional expert or experts, as the case may be, to compose an odd numbered panel; and”

(48) Sub-Article 16.2.2.2 & 16.2.2.3 of the Rules are amended as follows.

“16.2.2.2 Up on arrival of the sample retrieved as per sub article 16.2.2.1.4 (a) above to the Coffee Quality Inspection Center, the latter`s designated officer shall entirely remove marks, sack numbers, truck names, and quantity indications, if any, from the sample and substituting it by a symbol, the identity of which shall in no way be known to any person except the designated officer. The purpose of this step is to conceal from the experts identity of the owner of the commodity in question.”

#### 16.2.2.3 The Quality Expert Panel

There shall be an ad-hoc Quality Expert Panel (hereinafter referred to as “the panel”) composed of three experts appointed by the Coffee Quality Inspection Center and two experts from the Exchange and the complainant each assigning one as per Sub-Article 16.2.2.1.4 (b) above.

(49) Sub-Article 16.2.2.5.1 of the Rules is amended as follows.

“16.2.2.5.1 The Coffee Quality Inspection Center shall accompany the sample in dispute with two dummy coffee samples of the same grade and forward to the panel. The evaluation of the samples shall be conducted in one laboratory at the same time within three hours.”

(50) Sub-Article 16.2.2.7 of the Rules is amended as follows.

“16.2.2.7 Conduct of the parties during the process

Without prejudice to the right of experts of the Exchange and the member to participate in the Coffee Quality Inspection Center expert determination panel, it shall be absolutely prohibited for the parties to appear before the Coffee Quality Inspection Center once the experts start their evaluation.”

(51) Sub-Article 16.2.2.8.1 of the Rules is amended as follows.

“16.2.2.8 Custody of the coffee in dispute

“16.2.2.8.1 Where the dispute is between the Exchange and the depositor, the coffee which is the basis of the dispute shall remain on the truck as loaded in the premises of the Exchange warehouse until the quality dispute is resolved by the Exchange`s relevant work unit. In such a case, the Exchange may re-seal the truck carrying the disputed coffee until the dispute is resolved by the Exchange.”

(52) The following new Sub-Articles 16.2.2.8.2 is added under Sub-Article 16.2.2.8 of the Rule and Sub-Article 16.2.2.8.2 the Rule is renumbered as Sub-Articles 16.2.2.8.3

“16.2.2.8.2 Where the dispute is between the Exchange and the depositor and it is forwarded for Coffee Quality Inspection Center the coffee which is the basis of the dispute shall be deposited at the Exchange`s warehouse until the quality dispute is resolved by Coffee Quality Inspection Center if the depositor sign undertaking prepared by the Exchange by confirming his agreement to accept grade to be issued by the Coffee Quality Inspection Center to the commodity at dispute. The Exchange may re-seal the truck carrying the disputed coffee until the dispute is resolved by the Coffee Quality Inspection Center.”

(53) Sub-Article 16.2.2.8.2 of the Rules is renumbered as 16.2.2.8.3 and amended as follows.

“16.2.2.8.3 While the coffee is in the Exchange’s warehouse, that is before the delivery of the coffee to the buyer and loading of the coffee on truck, the buyer may request the Exchange to draw a representative sample from each bag of the coffee, a comprehensive average one kg sample for each consignment, in the presence of the buyer or his agent and of a designated Coffee Quality Inspection Center employee. The sample shall be divided into two parts, one to be kept by the Exchange as working sample, the second part to be kept in a secure container of the Exchange that shall be jointly managed by the Exchange and designated Coffee Quality Inspection Center employee as a reference sample. The sample that is jointly managed by the Exchange and designated Coffee Quality Inspection Center employee as a reference shall be kept with the Exchange for 10 (ten) days.”

(54) The following new Sub Article 16.2.2.8.4 is added under Sub Article 16.2.2.8 of the Rule. Sub Articles 16.2.2.8.4 to 16.2.8.7 are renumbered as 16.2.2.8.5 to 16.2.8.8 respectively.

“16.2.2.8.4 Unless the buyer requests the sample to be taken in accordance with sub-article 16.2.2.8.3, he is not allowed to lodge a complaint on grade of the coffee and request for third party quality determination.”

(55) Sub-Article 16.2.2.8.4 of the Rules is renumbered as 16.2.2.8.5 and amended as follows.

“16.2.2.8.5 Upon arrival of the coffee in the buyer’s premises, if the buyer had made sample taken in accordance with Article 16.2.2.8.3 and the buyer has complaint on grade of the coffee the buyer may challenge the quality determination of the coffee, within five days of picking-up of his coffee from the Exchange’s warehouse by bringing his case to the Coffee Quality Inspection Center.”

(56) Sub-Article 16.2.2.8.4 of the Rules is renumbered as 16.2.2.8.6 and amended as follows

“16.2.2.8.6 If the dispute is between the Exchange and a buyer, the expert determination proceeding is conducted based on the working sample taken under Sub-Article 16.2.2.8.2 and transferred by the Exchange to Coffee Quality Inspection Center.”

(57) Sub-Article 16.2.2.8.5 of the Rules is renumbered as 16.2.2.8.7 and amended as follows.

“16.2.2.8.7 Expert determination proceeding is conducted based on the reference sample mentioned under Sub-Article 16.2.2.8.2.”

(58) Sub-Article 16.2.2.9 of the Rules is amended as follows.

“16.2.2.9 Waiver of right to appeal

Without prejudice to the right of the Exchange to re-grade the coffee where it has good reason to believe that its quality has deteriorated during the expert determination proceeding, the determination of the experts on quality disputes per these Rules shall be final and binding. The parties (the Exchange and the Member) are prohibited to challenge expert determination of the Coffee Quality Inspection Center.”

(59) The following new Sub Article 16.2.2.10 is added under Sub Article 16.2.2 of the Rule. Sub Articles 16.2.2.10 to 16.2.11 are renumbered as 16.2.2.11 to 16.2.2.12 respectively.

“16.2.210 Appeal on Coffee Quality Inspection Center decision

Notwithstanding Sub Article 16.2.2.9 of the Rules, if expert determination of the Coffee Quality Inspection Center shows two and more than two grade difference from the quality grade issued by the Exchange for a given commodity, claim on such grade may be reviewed again as per Directive to be issued by the Coffee and Tea Marketing & Development Authority.”

(60) Sub-Article 16.2.2.11 of the Rules is amended as follows.

“16.2.2.11 Sample

After the conclusion of the expert determination process, unused samples sent to the Coffee Quality Inspection Center for the expert determination purposes shall be returned to the Exchange’s warehouse.”

### **3. Effective Date**

These revised Rules shall take effect day following fourteen days after date of approval by the Authority in accordance with Article 21.1 of the Rules.

**Approved by the Board of the Ethiopia Commodity Exchange Authority at  
Addis Ababa, on 29<sup>th</sup> day of April, 2020**