

Ethiopia Commodity Exchange Rules Amendment No. 6/2012

1. Preamble

- 1.1 It is found necessary to amend the Revised Rules of the Ethiopia Commodity Exchange No.5/2010.
- 1.2 These Amendments of the Rules are issued by the Ethiopia Commodity Exchange (the "Exchange") pursuant to Article 12(10) of the Ethiopia Commodity Exchange Proclamation No.550/2007.
- 1.3 These Rules shall come into force after the approval by the Ethiopia Commodity Exchange Authority as per its powers under Article 6(3) of the Ethiopia Commodity Exchange Authority Proclamation No.551/2007.
- 1.4 These Rules may be cited as the "Ethiopia Commodity Exchange Rules Amendment No.6/2012."

2. Amendment

The Revised Rules of the Ethiopia Commodity Exchange No.5/2010 (the "Rules") are hereby amended as follows:-

- (1) Sub-Article 3.5.4 of the Rules is amended as follows

"3.5.4 The Exchange Management shall consist of a Chief Executive Officer and a number of Officers as determined appropriate by the Board."

- (2) Sub-Articles 3.5.5 to 3.5.11 of the Rules are deleted.

- (3) Sub-Article 3.5.13 is amended as follows:

"3.5.13 In addition, the CEO shall have support offices as the CEO determines from time to time with the prior approval of the Board."

- (4) Sub-Articles 3.5.12 and 3.5.13 are renumbered as Sub-Articles 3.5.5 and 3.5.6 respectively.

- (5) Sub-Article 3.6.2 of the Rules is amended as follows and Sub-Articles 3.6.2.1 to 3.6.2.6 are deleted.

"3.6.2 The Exchange shall have numbers of Divisions each led by an Officer of the Exchange."



(6) Sub-Articles 3.6.3.1 to 3.6.3.6 of the Rules are deleted.

(7) The following new Sub-Article 3.6.5 is added under Sub-Article 3.6 of the Rules.

"3.6.5 The Exchange shall, as soon as possible, notify the Authority of amendments to its organizational structure."

(8) Sub-Article 3.7.1 of the Rules is amended as follows and Sub-Articles 3.7.1.1 to 3.7.1.6 are deleted.

"3.7.1 In addition to its Divisions, the Exchange shall have a number of support Offices as found appropriate by the Board of the Exchange."

(9) Sub-Article 4.5.2 of the Rules is amended as follows:

"4.5.2 An Intermediary Member shall settle both his own net payment obligations as well as the net payment obligations of his Clients directly with the Exchange and to that end shall open accounts for himself and his clients in a recognized Settlement Bank, maintain a system for reporting on payment to Clients, and authorize settlement instructions from the Exchange to the recognized Settlement Bank on his behalf, including for Clients accounts. An Intermediary Member may open separate accounts for each of his Clients upon request from his clients."

(10) Sub-Article 4.7.1.3 is amended as follows:

"4.7.1.3 A liquidator, receiver, manager or administrator or similar officer is appointed in respect of the Member or its property, or if the Member becomes, or is deemed to be, bankrupt or insolvent or is unable to pay its debts as they fall due;"

(11) Sub-Article 4.7.1.6 of the Rules is amended as follows:

"4.7.1.6 Accepting or executing an order for any commodity traded or listed on the Exchange for the account of an official or an employee of the Exchange; an employee or a director of a settlement bank; an employee or a director of a warehouse operator; another ordinary Member of the Exchange or an



employee of such ordinary Member; Limited Member of the Exchange or an employee of such Limited Member -for a commodity the Limited Member is qualified to trade, an employee or Board member of the Authority; or a Board member of the Exchange, except that an Exchange member that is also a Board member may accept and execute an order for its account and its clients' accounts;"

- (12) Sub-Article 4.7.1.11 of the Rules is renumbered as Sub-Article 4.7.1.8 and Sub-Articles 4.7.1.8 to 4.7.1.10 are renumbered as Sub-Articles 4.7.1.9 to 4.7.1.11 respectively.

- (13) Sub-Article 4.8.3.3 of the Rules is renumbered as Sub-Article 4.8.5.

- (14) Sub-Article 5.3.2 (d) of the Rules is amended as follows:

"d. Another ordinary Member of the Exchange or an employee of such ordinary Member; or"

- (15) The following new provision (e) is added under Sub-Article 5.3.2 of the Rules. Sub-Article 5.3.2 (e) of the Rules is renumbered as Sub-Article 5.3.2 (f).

"e. Limited Member of the Exchange or an employee of such Limited Member - for a commodity the Limited Member is qualified to trade; or"

- (16) Sub-Articles 8.4.1.5 and 8.4.1.6 of the Rules are renumbered as Sub-Articles 8.4.1.3 and 8.4.1.4 respectively and Sub-Articles 8.4.1.3 and 8.4.1.4 are renumbered as Sub-Articles 8.4.1.5 and 8.4.1.6 respectively.

- (17) Sub-Articles 8.5.1, 8.5.1.1 and 8.5.1.2 of the Rules are merged and modified as follows:

"8.5.1 The Sampler shall visually inspect the commodity, identify the commodity type, class bags and draw representative sample."

- (18) Sub-Article 8.5.2 of the Rules is renumbered as Sub-Article 8.5.3 and amended as follows:



"8.5.3 The Quality Supervisor shall inform the depositor of the result of the grade. If the depositor agrees, the Quality Supervisor shall issue a Grade Certificate to the depositor."

- (19) Sub-Article 8.5.3 of the Rules is renumbered as Sub-Article 8.5.2 and amended as follows:

"8.5.2 The sample drawn in accordance with 8.5.1 hereinabove shall be divided into three parts, the first will be used for analysis (working sample), the second will be kept in a secure container for file and the third will be given to the depositor."

- (20) Sub-Article 8.5.5 of the Rules is amended as follows:

"8.5.5 Only certified graders are authorized to grade commodities to be stored in a warehouse."

- (21) Sub-Article 8.5.9 of the Rules is amended as follows:

"8.5.9 An Exchange Grade Certificate issued shall contain such information as whether it is the original, duplicate or other copy; name and location of the warehouse in which the commodities are stored; grade of the commodity; date of certificate; and the signature of the certified grader."

- (22) The following new Sub-Article 8.8.3.3 is added under Sub-Article 8.8.3. of the Rules.

"8.8.3.3 If the accumulated warehouse receipt expiration penalty exceeds the value of the deposited commodity, the Warehouse may liquidate the deposit."

- (23) The first paragraph of Sub-Article 10.4.2.2 (a) of the Rules is amended as follows:

"a. Members who trade for the account of others shall open at least one Client Pay-In Account into which the Clients transfer buy funds that complies with the following conditions:"

- (24) The first paragraph of Sub-Article 10.4.2.2 (b) of the Rules is amended as follows:



"b. Members who trade for the account of others shall open at least one Client Pay-Out Account to receive the Clients transfer sell funds that complies with the following conditions:"

(25) Sub-Article 10.4.2.2 (b) (v) of the Rules is amended as follows:

"V. Member must immediately distribute all funds in the Client Pay-Out Account to Clients by depositing the fund into clients' bank accounts."

(26) The following new Sub-Article 10.4.9 is added under Sub-Article 10.4 of the Rules.

"10.4.9 Multiple Accounts

Trading Members, Intermediary Members and Clearing Buy-only Limited Trading Members may open more than one Pay-in and Pay-out account in settlement banks."

(27) The following new Sub-Article 10.6.4.4 is added under Sub-Article 10.6.4 of the Rules.

"10.6.4.4 The Exchange shall pay out withdrawal requests for funds in Member's or Client's Pay-in account only to an appropriate pay out account opened in the same bank and include a withdrawal instruction which states "pay-in withdrawal."

