

Procedure for the Delivery of Natural Rubber Ribbed Smoked Sheet No.3

Futures Contract's Underlying (RSS3 Futures)

1. Tender Notification Request

1.1 Member who wishes to deliver or receive the goods has the duty to ensure the ability to delivery or receive the goods before notify its intention to deliver the goods. In this regard, the deliverer and the receiver of the goods must be able to deliver or receive the goods (as the case may be), which may be considered from the following:

(1) The deliverer and the receiver must have obtained licenses to trade rubber from the Ministry of Agriculture and Cooperatives;

(2) In the case that the person making Delivery or receiving Delivery is a foreigner, the action shall be for the purpose of exporting the commodity for sale abroad only, except where permission is granted by the Director-General of the Department of Business Development, Ministry of Commerce, by the approval of the Foreign Business Committee; or

(3) Having other documents which demonstrate the capacity to make Delivery or receive Delivery.

1.2 In making the tender notification request, the Member with long position and the Member with short position in derivatives contract may notify the tender notification request through TCH's Clearing System or the Member's computer system connected to TCH's Clearing System within the last trading day according to the volume the member wishes to deliver and/or receive. In an event where the futures contract held by the member does not equal to the Multiple of Delivery Units, TCH may reject their tender notification request and deem that the member does not submit the notification to TCH in accordance with the derivatives positions.

1.3 In an event the Member made the tender notification request, the Member may cancel such notifying via TCH's Clearing System or the Member's computer system connected to TCH's Clearing System in accordance with the methods prescribed by TCH.

1.4 When the Member notified the tender notification request, TCH shall suspend any undertakings in relation to the member or its client's Derivatives position for which the Member has made the tender notification request, pursuant to the amount notified by the Member

1.5 TCH shall match derivatives contracts in accordance with the wish that member informed TCH only in the case that the holding of derivatives contracts are multiples of Delivery Units. In the case that the holding of derivatives contracts are not multiples of Delivery Units,

or member did not submit tender notification request, TCH may take action for Cash Settlement instead of Delivery.

2. Matching and Informing the Result of the Matching

2.1 TCH shall match derivatives contracts in accordance with the request that member informed TCH under Clause 1 in the following order:

(1) match in accordance with the mutual agreement between the counterparty member and submit tender notification request to TCH;

(2) match in accordance with the position of derivatives contracts held, starting from the highest position of holding to the least position of holding or in the case that the position of derivatives contracts held is the same, TCH shall randomly match;

(3) other method in the manner as TCH deems appropriate.

2.2 In the case that the buyer member and the seller member does not get matched in accordance with the condition specified by TCH, TCH may take action for Cash Settlement instead of Delivery.

2.3 TCH shall inform the buyer member and the seller member of the result of matching and calculation of value of Delivery Deposit within the last Trading Day.

3. Placement of Delivery Deposit

3.1 After being notified of the result of matching, the member who has the duty to receive Delivery and the member who has the duty to make Delivery shall place Delivery Deposit with TCH within the business day following the last Trading Day.

3.2 Asset which TCH accepts as Delivery Deposit is cash denominated in Thai Baht in the following manners:

(1) member shall maintain cash in bank account of member with the commercial banks as specified by TCH accurately and completely in accordance with the report of TCH;

(2) placement of Delivery Deposit shall be deemed completed upon TCH's receipt of the cash transferred into TCH's bank account accurately and completely in accordance with the report of TCH. In this respect, member who place the Delivery Deposit cannot cancel such transfer;

(3) TCH shall return Delivery Deposit to the member who has the duty to make Delivery when Delivery is completed. In this respect, TCH shall transfer cash into bank account of such member within the business day following the date that TCH receives confirmation of Delivery from both the member who has the duty to receive Delivery and the member who has the duty to make Delivery.

4. Delivery Instruction

4.1 The member who has the duty to receive Delivery shall send Delivery Instruction to TCH and the member who has the duty to make Delivery via TCH's clearing system or member's system which connected to TCH's clearing system from the 2nd business day to the 6th business day from the date of receipt of the result of matching from TCH.

4.2 The member who has the duty to make Delivery shall submit the certification confirming the capacity to make Delivery in accordance with the details specified in the Delivery Instruction to TCH and the member who has the duty to receive Delivery via TCH's clearing system or member's system which connected to TCH's clearing system within 2 business days from the date of receipt of Delivery Instruction under Clause 4.1.

4.3 After submitting Delivery Instruction under Clause 4.1, the member who has the duty to receive Delivery can request to amend the Delivery Instruction until the 6th business day from the date of receipt of the result of matching from TCH providing that consent is obtained from the counterparty member or TCH before the amendment.

4.4 TCH shall calculate the Delivery Amount and inform the member who has the duty to receive Delivery and the member who has the duty to make Delivery within the 8th business day from the date that the result of matching is notified.

In this regard, Delivery shall be completed within the last business day of the Delivery Month (the month following the month that the contract expires).

5. Audit of the Standard of Commodity

5.1 In the case that the person who has the duty to receive Delivery specifies that there is to be an inspection for the quality of commodity, the person who has the duty to make Delivery shall procure that the Surveyor, who is appointed by the person who has the duty to receive Delivery in accordance with the list specified by TCH, inspect the quality and weight of commodity in accordance with trade practice for Natural Rubber Ribbed Smoked Sheet No. 3 and proceed to make Delivery to

the person who has the duty to receive Delivery within the time specified by the person who has the duty to receive Delivery.

5.2 The person who has the duty to make Delivery shall have the duty to be responsible for the expense of the inspection of commodity standard by directly paying such expense of the inspection of commodity standard to the Surveyor, together with any damages or the expense of the return of commodity in the case that the person who has the duty to receive Delivery denies to accept Delivery due to the quality or weight of commodity not meeting the specification in the Delivery Instruction.

6. Delivery and Exchange of Documents

6.1 The person who has the duty to make Delivery and the person who has the duty to receive Delivery has the duty to make Delivery at the Delivery point and exchange Delivery documents after the Delivery is completed in accordance with the conditions and within the time as specified in the Delivery Instruction. The member has duty to keep the delivery document and other evidence in case TCH require examining.

6.2 Counterparty members have the duty to inform TCH to confirm the exchange of documents or Delivery within the 4th business days from the date of completion of Delivery.

In case of the member or client's member who default due to not make delivery or receive delivery or exchange the delivery document under Clause 6.1, the counterparty member who has not default have to inform TCH within the following business day from the date of defaulting.

7. Ownership and Risk in the Commodity

7.1 Ownership in commodity shall transferred from the person who has the duty to make Delivery to the person who has the duty to receive Delivery immediately upon the completion of the exchange of Delivery documents between the person who has the duty to make Delivery and the person who has the duty to receive Delivery.

7.2 Risk of loss or damage in commodity shall be borne by the person who has the duty to receive Delivery upon the commodity having passed over the ship's rail for Free On Board (FOB) Delivery, or when commodity is completely stored in warehouse or factory as specified in the Delivery Instruction for domestic Delivery.

8. Delivery Facilitator

Member may appoint the person in the list specified by TCH to facilitate Delivery.

9. Alternative Delivery Procedure

In the case that counterparty members to whom TCH informs the result of matching wish to take Alternative Delivery Procedure, such member who has the duty to receive Delivery and member who has the duty to make Delivery shall inform the wish to take Alternative Delivery Procedure to TCH within the business day before the date that the member who has the duty to receive Delivery makes payment under Clause 10. TCH shall return Delivery Deposit to the member who has the duty to receive Delivery and the member who has the duty to make Delivery upon request. The member still has duty to keep the delivery document and other delivery evidence in case TCH require examining.

Alternative Delivery Procedure will complete when TCH release the obligation under paragraph one and the member cannot reject or amend the notification.

10. Delivery Amount

10.1 TCH shall calculate the delivery amount from final settlement price and related expense and discount (any if) to inform the member who has the duty to receive Delivery to pay the following price of commodity and related expense:

FOB	Domestic
- Delivery Amount : (Final Settlement Price*) X (size of the contract) X (number of the contract)	- Delivery Amount: (Final Settlement Price*) X (size of the contract) X (number of the contract) <u>minus</u> allowance for rubber plantation (Cess) and expenses incurred in the export <u>plus</u> excessing expenses in an event the goods must be delivered outside the Bangkok area shall be in accordance with the rate prescribed by TCH

Remark:

*(1) Final Settlement Price shall be in accordance with the price for the delivery of goods prescribed by TFEX.

(2) The person who has the duty to make Delivery is responsible for transportation fees of commodity to the port, Cess duty and the expense to export commodity which is inclusive in Commodity price.

(3) The person who has the duty to receive Delivery and the person who has the duty to make Delivery shall pay relevant taxes.

10.2 The member who has the duty to receive Delivery shall pay the money in the amount equivalent to delivery amount as informed by TCH, deducted by Delivery Deposit which was placed with TCH within the 2nd business day before Delivery date as specified in the notice of details of Delivery.

This payment shall be deemed completed, TCH received delivery amount as paragraph one by transfer the money to TCH's bank account completely and the member cannot cancel this transferring.

10.3 The member who has the duty to make Delivery already paid the money, TCH will transfer the payment for the goods under Clause 10.1 and return the Delivery Deposit to the member who has the duties to deliver within the business day following the date that TCH receives confirmation of Delivery.

11. Delivery Fee and Other delivery expenses

TCH shall calculate Delivery fee and other delivery expenses inform the member to whom TCH informs the result of matching on the last Trading Day. Such member to whom TCH informs the result of matching has the duty to pay such fee together with the other services fees as prescribed by TCH in the relevant notification on TCH's fees.

12. Procedure in an event of default of delivery

In an event a member or customer of a member fails to comply with the duties or obligations in relation to the delivery of goods, after TCH has enforced the payment for compensation and expenses incurred from actual damages from the delivery deposit which the member who has defaulted in the delivery placed with TCH for the non-defaulting member who is counter party, the defaulting member shall have the duties to pay fine to TCH at the rate of 5% of Delivery Amount by deducting from the remaining of delivery deposit. If this is not sufficient, TCH may demand outstanding payment from the member until the fine is paid in full.

13. Procedure to Submit Information or Report

Member shall submit relevant information or report under this notification to TCH via the system provided by TCH or member's system which is connected to TCH's clearing system.