

Ethiopia Commodity Exchange Internal Rules Amendment

No.775/2021

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.12/2020 (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.”775/2021”

2. Amendment

The Revised Internal Rules of the Ethiopia Commodity Exchange No. ”559/2021” (the “Rules”) are hereby amended as follows:-

- (1) The following new Sub-Articles 4.1.8 is added under Sub-Article 4.1 of the Rule and Sub-Article 4.1.8 of the Rule is renumbered as Sub-Article 4.1.9.

“4.1.8 Based on the Exchange`s detailed procedure, it is permissible to switch or change from one membership category to the other, if it is within the same membership category and from a Membership category to a Non-member Direct Trader category. However, it is not allowed to change from a Special membership category to an Ordinary Membership or from Ordinary membership to a Special membership category as well as from a Non-member Direct Trader category to Membership category.”

- (2) The following new Sub-Article 4.2.5 is added under Sub-Article 4.2 of the Rule and Sub-Articles 4.2.5 of the Rule is renumbered as Sub-Articles 4.2.6.

“4.2.5 Notwithstanding the provisions of Sub-Article 4.2.2, 4.2.3 and 4.2.4 above, individuals and organizations having a share as a Member or Non-Member Direct Trader at the Exchange may be allowed to trade in the special trading window at the

Exchange as Non-Member Direct Trader, if they are included in the list of traders forwarded to the Exchange by the Ministry or other pertinent institution per Sub Article 4.17.1.18 of the Rules.”

- (3) The following new Sub-Articles 4.7.1.9 is added under Sub-Article 4.7.1 of the Rule and Sub-Articles 4.7.1.9 to 4.7.1.14 of the Rule is renumbered as Sub-Articles 4.7.1.10 to 4.7.1.15 respectively.

“4.7.1.9 If a member is found conducting trades outside of permitted trading category or type and other than the trading center or place he is allowed to conduct trades;”

- (4) The following new Sub-Articles 4.7.2.1 (f) is added under Sub-Article 4.7.2.1 of the Rule and Sub-Articles 4.7.2.1 (f) to 4.7.2.1 (g) of the Rule is renumbered as Sub-Articles 4.7.2.1 (g) to 4.7.2.1 (h) respectively.

“4.7.2.1 failure to properly register and maintain client’s sell or buy instructions, mess up order of client instruction and failure to execute client’s order properly and timely”

- (5) Sub-Article 4.8.6 of the Rule is amended as follows

“4.8.6 The procedures set out in this Article shall not apply to:

- a. Transfers between affiliated business organization;
- b. In the case of a Member that is a firm, a transfer to a partner in that firm or to a corporation more than 50% share owned by a partner in that firm;
- c. If an individual is a member, for the company more than 50% share owned by the individual;
- d. if a cooperative, transfer done by another cooperative to which the cooperative is a member”

- (6) The following new Sub-Article 4.8.7 is added under Sub-Article 4.8 of the Rule and Sub-Articles 4.8.7 to 4.8.9 of the Rule is renumbered as Sub-Articles 4.8.8 to 4.8.10 respectively.

“4.8.7 A Member, who transfers membership seat In accordance with Article 4.8.6, shall pay to the Exchange a service fee. The amount of such payment shall be determined by the Board of the Exchange, subject to approval by the Authority.”

(7) The following new Sub-Article 4.10.1.5 is added under Sub-Article 4.10.1 of the Rule

"4.10.1.5 Any Trade Representative has a right to terminate his employment relationship with a delegating Member and provide his service to another Member or Non Member direct Trader. Nonetheless, a Trade Representative who has not provided his service for a previous delegating Member at least for one year shall wait at least a year starting from the day he left the previous delegating Member, in order to serve as a Trade Representative for another Member or Non Member Direct Trader. However, if the members recognition is suspended at least for three months, his recognition is cancelled, transfers his membership seat to another person, if the organization is dissolved per law, if the member by a written letter to the Exchange confirms that he willingly relived the Trade Representative or if the Exchange exceptionally give permission, to protect integrity of the market, the above mentioned one year service period and waiting time shall not apply on the Trade representative."

(8) The following new Sub-Article 4.12.6is added under Sub-Article 4.12 of the Rule

"4.12.6 Every member is responsible for properly checking genuineness of document she provides to the Exchange to conduct trades and to make sure that all relevant information is correctly registered by the Exchange before executing a trade. Submission of eligibility documents maybe made by a member through electronic means. The Member shall cooperate whenever required by the Exchange to provide documents for investigation."

(9) The following new Sub-Article 4.17.1.2is added under Sub-Article 4.17.1 of the Rule and Sub-Articles 4.17.1.2 to 4.17.1.3 of the Rule is renumbered as Sub-Articles 4.17.1.3 to 4.17.1.4 respectively.

"4.17.1.2 Subject to the Board's decision, any person may be permitted to participate in the Exchange's trading platform to trade only one commodity or specified commodities as a Non-Member Direct Trader."

(10) The following new Sub-Articles 4.17.1.5, 4.17.1.6, 4.17.1.7, 4.17.1.8 and 4.17.1.9 is added under Sub-Article 4.17.1 of the Rule and Sub-Article 4.17.1.4 of the Rule is renumbered as Sub-Article 4.17.1.10.

“4.17.1.5 A Non-Member Direct Trader who is permitted to engage in the Exchange’s Trading platform to trade only one commodity or specified commodities in accordance with Sub-Article 4.17.1.2 shall confirm his adherence to his obligation to conduct trades at the Exchange only on permitted commodity or commodities by filling out and signing undertaking prepared by the Exchange.

4.17.1.6 A Non-Member Direct Trader who is permitted to engage in the Exchange’s Trading platform to trade only one commodity or specified commodities in accordance with Sub-Article 4.17.1.2 may trade commodities other than the permitted commodity or commodities, only if he terminate the undertaking indicated under Sub Article 4.17.1.5 and fulfills admission requirements to conduct trades on commodities other than the permitted ones and secure the permission of the Exchange to trade such commodity.

4.17.1.7 In accordance with the Exchange’s detailed procedure, a person who is in one of the different Non-Member Direct Trader categories can switch or change to a seller side Non-Member Direct Trader category.

4.17.1.8 When the Ministry or other pertinent institution notifies the Exchange the list of traders who are allowed to trade at the Exchange as Non-Member Direct Trader as per Sub Article 4.17.1.2, the volume of commodities to be bought by these traders and the duration of permission for the trade, the Exchange shall accept the traders accordingly.

4.17.1.9 Members having membership seat at the Exchange and Non-Member Direct traders who are engaged in trading, if found included in the list referred to sub-article 4.17.1.8 above, may be allowed to participate on such special trading window.”

(11) The following new Sub-Article 4.17.11.1.5 is added under Sub-Article 4.17.11.1 of the Rule.

“4.17.11.1.5 Any Trade Representative has a right to terminate his employment relationship with the delegating Non Member Direct Trader and provide his service to another NonMember Direct Trader or Member. Nonetheless, a Trade Representative who has not provided his service for a previous delegating Non Member Direct Trader at least for one year shall wait at least a year starting from the day he left the

previous delegating Non Member Direct Trader, in order to serve as a Trade Representative for another Member or Nonmember Direct Trader. However, if the Non Member Direct Trader's recognition is suspended at least for three months, his recognition is cancelled, terminates his trading right, if the organization is dissolved per law, if the Non Member Direct Trader by a written letter to the Exchange confirms that he willingly relived the Trade Representative or if the Exchange exceptionally give permission, to protect integrity of the market, the above mentioned one year service period and waiting time shall not apply on the Trade representative."

(12) Sub-Article 5.5.1.4 of the Rule is amended as follows

"5.5.1.4 The auction for a warehouse receipt of identity preserved trades shall be opened by the initial minimum offered price by the seller to be followed by the first bidding price given by any of the buyers within the price range."

(13) The following new Sub-Article 5.3.7 is added under Sub-Article 5.3 of the Rule.

5.3.7 Without prejudice to Article 5.3.6, Pre-trade information for any commodity trading shall be released to traders at the same time at least half an hour before trading session begins.

"5.3.7.1 On outcry or On the Electronic Trading Platform, all pertinent pre-trade information shall be posted on notice board or other appropriate channels before trading session begin.

5.3.7.2 The pre trade- information for any commodity trading shall atleast display the following contents;

- i. GRN/WHR Number (Code)
- ii. Grade
- iii. Deposit Warehouse or branch
- iv. Production Year
- v. Commodity symbol
- vi. Any other information the Exchange deems proper.

5.3.7.3 System shall generate for any tradable commodity contract information with the content indicated in sub-article 5.3.7.2"

(14) The following new Sub-Articles 5.4.6 is added under Sub-Article 5.4 of the Rule and Sub-Article 5.4.6 of the Rule is renumbered as Sub-Article 5.4.7.

“5.4.6 Daily price limit set by the Ministry or Pertinent institution

Without prejudice Sub-Articles 5.4.3, 5.4.4 and 5.4.5 of the Rule on daily price limit determination, in exceptional circumstances or when it is deemed necessary, the Exchange may conduct trading of contracts based on the daily price limit set by the Ministry or other pertinent institution.”

(15) Sub-Article 5.5.5 of the Rule is amended as follows

“5.5.5 Trade Transactions

The Electronic Trading Platform may make visible to traders all details of executed trades. All transactions in contracts shall be submitted to the Clearing and Settlement of the Exchange on the day of trade for clearance in accordance with Clearing and Settlement Rules.”

(16) The following Sub-Articles 7.25.13.1, 7.25.13.2 and 7.25.13.3 renumbered as Sub-Articles 7.25.14.1, 7.25.14.2 and 7.25.14.3 and amended as follows.

“7.25.14.1 The Exchange’s technical commodity experts shall evaluate the proposal and with approval of Management of the Exchange may reject the Proposal for amendment of the contract or may forward the proposal to the Industry Consultation Committee under Sub-Article 7.25.5.

7.25.14.2 A person who is aggrieved by the decision of the Exchange under Sub-Article 7.25.14.1 may appeal to the Ethiopia Commodity Exchange Authority within ten days of receipt of the decision of the Exchange.

7.25.14.3 The decision of the Authority on an appeal under Sub-Article 7.25.14.2 above is final.”

(17) The following Sub-Articles 7.25.14 and 7.25.14.3 renumbered as Sub-Articles 7.25.15 and 7.25.15.3 and amended as follows.

“7.25.15 The Industry Consultation Committee under Sub-Article 7.25 .5 may pass to the Exchange any amendment proposals it deems appropriate regarding a Proposal for amendment of the contract presented by any interested Member of the Exchange and forwarded to the committee by the Exchange.

7.25.15.3 The decision of the Authority on an appeal under Sub-Article 7.25.15.2 above is final.”

(18) Sub-Article 8.12.5 of the Rule is amended as follows

“8.12.6 In addition to those stated under Article 8.12.5 of the Rules every bonded yard must carry out the following tasks.”

(19) The following new Sub-Article 14.3.10 is added under Sub-Article 14.3 of the Rule

“14.3.10A Member may act on behalf of his client for submission of appropriate documents related to eligibility for transaction to the Exchange. Members shall submit their client’s document to the Exchange after making proper checking of genuineness of the document and make sure that all relevant information of the client is registered by the Exchange correctly before executing a trade. Submission of document can be made electronically.”

(20) The following new Sub-Articles 15.3.3.4 is added under Sub-Article 15.3.3 of the Rule and Sub-Article 15.3.3.4 of the Rule is renumbered as Sub-Article 15.3.3.5

“15.3.3.4 A trade representative who commits three or more disciplinary offenses within six consecutive months may be suspended from the Exchange’s Trading Platform for up to one year, depending on the severity and nature of the offense.”

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 21st day of September, 2020**