

Cocoa futures and options summary





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- MATIF and MONEP, which are regulated markets under French Law.

All are regulated markets under the European Union’s Investment Services Directive.

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Introduction

Euronext.liffe's cocoa futures contract has long been relied upon as the global benchmark for the pricing of physical cocoa. It is actively traded by producers, exporters, trade-houses, processors and chocolate manufacturers as well as by managed funds and both institutional and short-term investors.

The diversity of users of the contract, alongside the associated options contract, ensures its role as a valuable hedging and risk management tool, as well as an effective trading, arbitrage and investment vehicle.

These contracts form part of a diverse range of commodity products traded at Euronext.liffe, which also includes robusta coffee, white sugar, feed wheat, milling wheat, rapeseed, corn and potatoes. Euronext.liffe is one of the world's leading markets for exchange-traded derivatives, also encompassing futures and options on short and long term interest rate products, equities and currencies.

Cocoa futures and options are traded on LIFFE CONNECT® – the world's most advanced electronic trading platform, offering unrivalled speed of execution and functionality.

- **Summary of cocoa futures contract**

The cocoa futures contract provides the flexibility to trade and deliver in ten tonne units whilst also allowing delivery in larger units, either 100 tonnes in bags or 1,000 tonnes in bulk.

The quality parameters allow the majority of cocoa grown to be potentially deliverable with grading allowances including premiums for good quality cocoa and discounts for poorer quality cocoa. Part of the quality assessment is a homogeneity test (based on the standard deviation of the bean count) with corresponding discounts for lack of uniformity.

- **Biscuit, Cake, Chocolate and Confectionery Alliance (BCCCA)**

Euronext.liffe members contribute 1 pence per side per futures lot traded, to cocoa research administered by the BCCCA. Since 1994 this money has been allocated to the LIFFE/University of Reading international cocoa germplasm database. Eighty-three research institutes in forty countries use the database, details of which may be obtained from the BCCCA, 37-41 Bedford Row, London, WC1R 4JH or from their website at www.icgd.rdg.ac.uk.