BM&F BRASIL

Soybean Futures Contract Specifications

1. Underlying commodity
Brazilian soybean, as per Brazilian export grade; oil content basis 18.5% with nonreciprocal allowance of 1% for each 1%, fractions in proportion, in buyer's favor for any deficiency; moisture maximum 14%; foreign matter basis 1% maximum 2% with nonreciprocal allowance of 1% for each 1%, fractions in proportion, in buyer's favor for any deficiency; damaged beans maximum 8%, of which maximum 5% heat damaged; green beans maximum 10% and broken beans maximum 30%; free from poisonous seeds / husks, but with a tolerance maximum 0.005% for castorseed and castorseed husks.
Grading and analysis of beans must meet the stipulations of the Brazilian Ministry of Agriculture, in observance to Normative Instruction No. 15, of June 9, 2004 (Attachment I).
As to the aforesaid tolerances regarding deficiencies in oil content and foreign matter, item 13.5(d) shall apply.

2. Price quotation
Dollars of the United States of America per 60 kilograms to two decimal places. This price quotation is free from any taxes or charges.

3. Minimum price fluctuation
US$0.01 (one cent of a U.S. Dollar) per 60 kilograms.

4. Maximum daily price fluctuation
As established by BM&F in Circular Letters.
At any time, the Exchange may alter the price fluctuation limits, as well as their applicability to any delivery month.

5. Contract size
27 metric tons or 450 bags of 60 kilograms each of soybeans in bulk.

6. Delivery months
March, April, May, June, July, August, September, and November.

7. Number of authorized delivery months
Minimum of seven, as authorized by BM&F.

8. Last trading day
The ninth business day preceding the first day of the delivery month. On that day, neither opening of new short positions nor day trading shall be allowed.

9. Business day
For the purposes of this contract, a trading day at BM&F shall be considered a business day. However, for the purposes of the payment and receipt of amounts, as referred to in items 10, 11, 13.4, and 18.1, a day that is not a banking holiday in New York, USA, and is a trading day at BM&F shall be considered a business day.

10. Day trading
Buying and selling on the same trading session the same number of contracts for the same month shall be offset provided these transactions are executed on behalf of the same customer through the same Brokerage House and registered by the same Clearing member, or performed by the same Local and registered by the same Clearing Member. These transactions shall be cash settled on the following business day, and their amounts shall be calculated in accordance with item 11(a), in observance to the provisions of item 19, where applicable.

11. Daily settlement of accounts (variation margin)
The positions outstanding at the end of each session shall be settled according to that day's settlement price, established in accordance with BM&F rules and regulations, and cash settled on the following business day, in observance to the provisions of item 19, where applicable.
The variation margin shall be calculated by the following formulas:

(a) For the positions initiated on the day

$$AD=\left(PA_t-PO\right)\times 450\times n \qquad (1)$$

(b) For the positions initiated on the previous day

$$AD=\left(PA_t-PA_{t-1}\right)\times 450\times n \qquad (2)$$

Where:
AD = the variation margin value;
PA_t = the day's settlement price;
PO = the trading price;
n = the number of contracts;

PA_{t-1} = the previous day's settlement price.

The variation margin value, calculated as shown above, if positive, shall be credited to the buyer and debited to the seller. Should the calculation above present a negative value, it shall be debited to the buyer and credited to the seller.

The variation margin for open positions shall be calculated up to the day preceding the day a Delivery Notice has been designated to the buyer, as described in item 13.2.

12. Delivery and price reference point

The BM&F price refers to soybean whose ownership shall have been transferred once deposited in an Exchange-licensed warehouse or silo, which is located at the port of Paranaguá, State of Paraná and is able to load vessels through the "export corridor."

13. Settlement conditions on expiration

The physical delivery process initiates with the electronic registration at BM&F of a Delivery Notice by the seller, or substitute or assigned customer, and terminates with the transfer of ownership of the commodity deposited in a given Exchange-licenced warehouse or silo by means of a bill of sale.

13.1 Period and procedures for electronic registration of Delivery Notices

(a) The sellers who decide not to offset their positions up to the last trading day and therefore choose to physically deliver their positions shall electronically register a Delivery Notice at BM&F, through the Physical Delivery System, during the period that initiates on the fourteenth business day preceding the first day of the delivery month and terminates on the tenth business day preceding the first day of the delivery month.

(b) Up to the date of the electronic registration of the Delivery Notice , the seller or assigned customer shall mandatorily send to his/her/its Brokerage House the documentation detailed in Attachments IV and VI, in addition to the Certificate of Weight and Quality Inspection, as referred to in item 13.5(c). The nonfulfillment of these requirements on or before the date that the electronic registration of the Delivery Notice is made shall result in its cancellation.

13.2 Delivery procedures

The Delivery Notices shall be designated by BM&F on the business day subsequent to the corresponding electronic registration in the Physical Delivery System, and the following procedures shall be adopted.

(a) The Delivery Notices shall remain available on the floor to be chosen by the customers who hold long positions. BM&F shall offer the lots in the Delivery Notices to the buyers on a first in, first out basis—that is, the customers who have held long positions for the greatest amount of time shall have priority. Should there be no parties interested in receiving all or part of the commodity in the Delivery Notices, BM&F shall determine that the customer(s) who has(ve) held long position(s) for the greatest amount of time shall take delivery of the soybean.

(b) The seller resident in Brazil shall be allowed to assign a third party to take delivery of the soybean, provided he/she/it does so on the date of the Delivery Notice electronic registration. The buyer resident in Brazil shall be allowed to assign a third party to make delivery of the soybean. This assignment shall take place no later than 09:00 (Brasília time) of the third business day subsequent to the day a Delivery Notice has been designated to the buyer.

(c) The third party assignment referred to in the previous item can only be made in observance to the procedures established by BM&F, thus implying the mandatory presentation of the documentation detailed in Attachments VII and VIII.

(d) The buyers who choose to take delivery of the soybean or who are designated by BM&F to do so must send to the Exchange, through their Brokerage Houses, the information required for invoice purposes up to the day of their designation (the day a Delivery Notice has been designated to the buyer), by 09:00 (local time).

(e) The nonresident buyer must mandatorily assign a resident in Brazil to whom delivery rights and obligations must be transferred. This assignee shall become the nonresident buyer's legal representative responsible for providing transportation and shipment, and for meeting all other requirements defined by the Foreign Trade Office (SECEX) of the Development, Industry and Commerce Ministry (MDIC).

(f) The third party assigned by either buyer or seller shall assume responsibility for all obligations and requirements established in this contract, up to its final settlement. In either case, both original buyer and seller shall remain jointly and subsidiarily responsible for any and all obligations of the third parties they have assigned, up to the contract's final settlement.

(g) On the fourth business day subsequent to the day a Delivery Notice has been designated to the buyer, in possession of the data corresponding to the buyer or assigned customer, hereinafter referred to as buyer, the seller or assigned customer, hereinafter referred to as seller, shall issue the bill of sale for invoice purposes, on which all the information required by law must be included by the seller, as well as the identification of the addressee as the exporter and the circumstances allowing for tax exemption, with the addition by name of all applicable statute. On the same date, the buyer's Brokerage House must inform the seller's Brokerage House and BM&F the number of the bill of sale.

(h) By not later than 16:00 (Brasília time) of the fifth day subsequent to the day a Delivery Notice has been designated to the buyer, the buyer must send to BM&F through his/her/its Brokerage House the original and a copy of the duly signed Exportation Invoice Letter, as referred to in Attachment VI.

(i) Any delay in the receipt of the buyer's data, in the seller's bill of sale issuance, in the Exportation Invoice Letter issuance, as referred to in Attachment VI, or in the payment of the settlement value by the buyer shall imply the application by BM&F of a 1% fine upon the settlement value to be paid to BM&F by the party at fault within a determined time frame, without prejudice to the party being declared a defaulter by BM&F, as the case may be.

13.3 Lot formation

The soybean to be delivered must be deposited in an Exchange-licensed warehouse/silo before the date of the Delivery Notice electronic registration. Splitting the lot between different warehouses/silos shall not be allowed, even when those warehouses/silos are Exchange-licensed. Each lot shall represent a contract size.

13.4 Delivery cash settlement and commodity ownership transfer

(i) The cash settlement of a physical delivery shall be made by the buyer to be credited to the seller by no later than 12:00 (Brasília time) of the third business day subsequent to the day a Delivery Notice has been designated to the buyer.

(ii) By no later than 10:00 (Brasília time) of the seventh business day subsequent to the day a Delivery Notice has been designated to the buyer, the seller's Brokerage House shall tender to BM&F the commodity bill of sale issued by the seller for the commodity destined to exportation.

(iii) BM&F shall send the bill of sale immediately after receiving it to the buyer and the Exportation Invoice Letter (Attachment VI) to the seller, and shall inform the licensed warehouse/silo of the effected ownership transfer by sending a copy of the bill of sale and the Exportation Invoice Letter by fax.

(iv) After these procedures are fulfilled, the funds shall be transferred to the seller by BM&F on the eighth business day subsequent to the day a Delivery Notice has been designated to the buyer.

(v) Both the payment by the buyer and the receipt of the payment by seller shall be made in observance to the provisions of item 19, where applicable.

(vi) The cash settlement value per contract shall be calculated by the following formula:

$$VL = C \times \frac{(100 - D)}{100} \times \frac{P}{60} \tag{3}$$

Where:

VL = the cash settlement value per contract;
C = the settlement price of the business day preceding the day a Delivery Notice has been designated to the buyer, expressed in U.S. Dollars per 60 kilograms;
D = the percentage discount, as referred to in item 1, if any;
P = the weight of the commodity to be delivered, expressed in kilograms.

(vii) A plus or minus 67.5-kilogram tolerance (0.25% of the contract size) shall be allowed in the difference between the quantity referred to in item 5 and the effectively transferred quantity. In this case, the settlement value must be adjusted, in accordance with the following formula:

$$M = C \times \frac{(100 - D)}{100} \times \frac{E}{60} \tag{4}$$

Where:

M = the amount to be added to or subtracted from the settlement value;
C = the previous day's settlement price;
D = the percentage discount, as referred to in item 1, if any;
E = the plus or minus tolerance in the quantity.

13.5 Further conditions

(a) The soybean underlying this contract shall be exclusively destined to exportation, thus being subjected to the principal and accessory obligations resulting from the taxation system in effect in Federal and State laws at the time of its cash settlement.

(b) The taxes to which the transaction is subject are not included in the settlement value because the commodity has been bought exclusively for exportation. Both buyer and seller, each one pursuant to the provisions of current fiscal legislation, shall take responsibility for the fulfillment of the principal and accessory obligations.

(c) The soybean weight and quantity shall be final upon the commodity ownership transfer, in accordance with the result of the analysis and grading of its samples, as per the Certificate of Weight and Quality Inspection issued by a an Exchange-licensed Quality Supervisor of the seller's choice. Such samples shall only be drawn after the soybean is deposited in the Exchange-licensed warehouse/silo. The Commodity Ownership Declaration and Weight and Quality Certification (Attachment IV) shall indicate the final soybean grades, also for the purpose of a discount for quality deficiency, in accordance with items 1 and 13.4(vii).

(d) The receipt by the licensed warehouse/silo of soybean with quality deficiencies, even those that are tolerated pursuant to the provisions of item 1, shall be subject to the licensed warehouse/silo agreement.

(e) BM&F shall issue a certificate which shall include the type of the transferred commodity, its quantity, and the cash settlement value (attached to a copy of the Commodity Ownership Declaration and Weight and Quality Certification—Attachment IV), which shall be used, as the case may be, by the legal representative of the nonresident buyer to obtain sale and export registrations, as required by the competent body.

14. Ex-pit transactions

Ex-pit transactions shall be allowed, up to the business day preceding the period for tendering Delivery Notices, provided the conditions established by BM&F are met. These transactions shall be disclosed by BM&F, but shall not be subject to market interference.

15. Hedgers

Soybean growers, cooperatives, cereal merchants, soybean oil and meal industries, soybean importers and exporters, as well as suppliers of agricultural equipment and inputs to the soybean market.

16. Margin requirements

In accordance with the methodology defined by BM&F.

Margins shall be due on the first business day following the trading day. For nonresidents, should the first business day following the trading day be a banking holiday in New York, the margin shall be due on the first day following the trading day when there is no banking holiday in that city.

Whenever margin requirements are met with cash, the provisions of item 19 shall be observed, where applicable.

17. Assets eligible to meet margin requirements

For residents, cash, gold, shares of the Fund for Broker Financing (FIF), and upon prior approval by the Exchange, federal bonds, private securities, letters of credit, shares of stocks, and equity fund units. For nonresidents, United States Dollars and upon prior approval by the Exchange, U.S. T-Bonds, T-Notes, and T-Bills.

18. Trading costs

- **Basic Commission Rate**

  Regular trading: 0.30%; day trading: 0.07%.

  The Basic Commission Rate shall be applied to the previous day's settlement price of the second delivery month and shall be subject to a minimum value established by the Exchange.

- **Fees**

  Consist of the Exchange, Registration, Permanence and Delivery Fees, which are calculated as per BM&F methodology.

Common Members shall pay no more than 75% of the trading costs.

18.1 Due dates

(a) The Exchange and Registration Fees shall be due on the first business day following the trading day, in observance to the provisions of item 19, where applicable.

(b) The Delivery Fee shall be due on the physical delivery cash settlement date, in observance to the provisions of item 19, where applicable.

(c) The Permanence Fee shall be due on the last business day of each month, on the day subsequent to the closing out of a position, and when a customer's positions are transferred to another Brokerage House, in observance to the provisions of item 19, where applicable.

19. Additional provisions for cash settlement

The following provisions shall apply to the payment and receipt of amounts resulting from day trades, variation margin, physical deliveries, margin deposits in cash, and trading costs:

19.1 Nonresidents

The amounts shall be payable and receivable in United States Dollars in New York, USA, through the Settlement Bank appointed by BM&F.

19.2 Residents

The amounts shall be in Reals, in accordance with the regular procedures of the other BM&F contracts not authorized to be traded by foreign investors.

(i) When the conversion of the respective amounts is necessary, the BM&F Exchange Rate Benchmark, as described in Attachment II and verified on a specific date, according to the nature of each payment, shall be used as follows:

(a) Amounts resulting from day trades: the BM&F Exchange Rate Benchmark verified on the trading day;

(b) Amounts resulting from variation margin: the BM&F Exchange Rate Benchmark verified on the day to which the variation margin refers;

(c) Amounts resulting from physical deliveries: the BM&F Exchange Rate Benchmark verified on the business day preceding the cash settlement date.

(ii) When the conversion of the amounts resulting from trading costs is necessary, the offered PTAX800 rate (the exchange rate of Brazilian Reals per U.S. Dollar for cash delivery, traded in the free rate foreign exchange market, pursuant to the provisions of Resolution No. 1690/1990 of the National Monetary Council (CMN), calculated by the Central Bank of Brazil (BACEN) through SISBACEN—transaction PTAX800, option "5," closing quotation, for settlement in two days) verified on the last day of the month preceding the trading month shall be used.

20. Further provisions

This contract shall be subject to Attachment I through VIII and, where applicable, to the legislation in force and to BM&F rules, regulations, and procedures, as defined in its Bylaws, Operating Rules, and Circular Letters, as well as to the specific rules set forth by the Brazilian governmental authorities that may affect the terms stated herein.

LAST UPDATE: CIRCULAR LETTER 093/2004-DG, OF 08/13/2004

Attachment I

Normative Instruction No. 15 – June 9, 2004

The Brazilian Minister of Agriculture, in the exercise of his duties conferred by article 87, sole paragraph, item II of the Brazilian Constitution, Law No. 9972, of May 25, 2000, Decree No. 3664 of November 17, 2000, CONCEX Resolution No. 160, of June 20, 1988 and all relevant inclusions in Proceeding No. 21000.004772/2004-22, hereby decides:

Article 1. To approve herewith the requisites and procedures required for the certification of hygienic and sanitary conditions of soybeans destined to the domestic market and for exportation and importation as set forth in the Annex to this Normative Instruction.
Article 2. That the actions taken by the Brazilian Ministry of Agriculture as regards soybean importation and exportation shall be conditioned to compliance with the hygienic and sanitary conditions described in this Normative Instruction.
Article 3. That omissive cases and doubts raised as regards the application of this Instruction shall be resolved by the Brazilian Ministry of Agriculture.
Article 4. That this Normative Instruction shall be in effect on the date of its publication

ROBERTO RODRIGUES

Note: The text on this Normative Instruction and on its Annex does not replace the text published in the Federal Register of June 11, 2004, Section 1, page 8.

ANNEX
REQUISITES AND PROCEDURES FOR THE VERIFICATION OF HYGIENIC AND SANITARY CONDITIONS OF SOYBEANS

1. **OBJECTIVE**: to establish procedures in order to qualify and quantify the presence of particles with unknown toxicity, moldy beans and dead insects or parts thereof, impurities and/or foreign matters.

2. **SCOPE**: the said procedures shall apply to soybeans of the *Glycine max Merril* species which are destined to the domestic market and for importation and exportation.

3. **CONCEPTS**
   3.1 Particles with unknown toxicity: foreign particles, beans or parts thereof that are different from their natural condition and suspect of toxicity.
      3.1.1 The parts of broken beans (cotyledons) shall be regarded as half particles and smaller pieces shall be regarded as one quarter of a particle.
   3.2 Moldy beans: beans or bean pieces covered by colonies of fungi (mold or mildew) visible to naked eye.
   3.3 Foreign matters and/or impurities: any material that passes through sieves bearing the following characteristics: plate thickness: 0.8mm; number of holes: 400/100 sq. cm; diameter: 3.0mm, or whatever is retained therein that is not soybean, including unthreshed beans. The soybean husk (membrane) retained in the sieve is not considered an impurity.

4. **GENERAL REQUIREMENTS**
   4.1 The soybean shall be physiologically developed, healthy, clean, dry and free from foreign odors which are inappropriate to the commodity.
   4.2 Soybeans with living insects shall undergo phytosanitary treatment and before they are sold for human consumption they must not carry any dead insects or parts thereof above the limits as established by the related national legislation or by the CODEX ALIMENTARIUS Commission.

5. **MAXIMUM ALLOWANCES**: as a verification parameter for the hygienic and sanitary conditions of soybeans, the following maximum limits shall be specified for samples:
   5.1 Accidental occurrence of vegetal particles with unknown toxicity: one (1) particle per kilo based on the weighted average of the collected samples as described in items 8.3 and 8.6 of this Normative Instruction;
      5.1.1 This allowance shall be zero (0) when the commodity is directed for consumption in natura;
      5.2.2 When calculating the weighted average, only the first two decimals shall be considered, while the remaining fractions shall be disregarded, as is the case;
   5.2 Moldy beans: six per cent (6.0%);
   5.3 Dead insects or parts thereof: when the soybean is directed for consumption, the limit established by the related national legislation shall be observed;

5.4 Impurities and/or foreign matters: one per cent (1.0%).

6. ANALYSIS RESULTS

6.1 With regard to importation and exportation procedures, the analysis results for compliance with this Normative Instruction shall be supplied by this Ministry or other official Brazilian agencies, or shall be accredited according to Decree No. 3664, of November 17, 2000, to be duly recognized by the Federal Agricultural Inspection Service.

6.1.1 If any irregularity or false information is found in the results described in item 6.1, the commercialization of the commodity shall be suspended as a provisional remedy under paragraph 1 of article 9 of Law No. 9972, of May 25, 2000, regulated by item ii of article 26 of decree No. 3664, of November 17, 2000, therefore providing for penal and administrative liability.

6.2 In the case of an accidental occurrence of a vegetal particle with unknown toxicity in amounts superior to those described in item 5.1 of this Normative Instruction, the collected samples shall be submitted to laboratory analysis for the verification of the maximum limits as established by the related national legislation or by the Codex Alimentarius Commission.

6.2.1 In case the analysis shows results above the maximum limits of residues allowed, the lot from which the analyzed samples were drawn shall not be commercialized and shall instead be reprocessed so as to adjust to the legal limits or be destined to some other end by specific authorization from the Ministry of Agriculture.

6.3 The exportation of soybeans whose limits are superior to those described in item 5 of this Normative Instruction may be authorized provided that such condition is duly included in the contract between the parties involved and the exporting company complies with the legislation of the country of destination.

6.4 All the expenses resulting from the analyses described in this Instruction shall be payable by the exporter, importer or trader responsible for the commodity.

7. INSPECTIONS

7.1 During the inspections carried out by the Ministry of Agriculture, soybeans whose limits are found to be superior to those established by this Normative Instruction shall have their commercialization suspended according to the provisional remedy under paragraph 1 of article 9 of Law No. 9972, of May 25, 2000, regulated by item II of article 26 of Decree No. 3664, of November 17, 2000, except for the case described in item 6.3.

7.2 The Commercialization Suspension Order shall contain the maximum duration term for the suspensive measure, the requirements or provisions to be addressed, as well as the name of the commodity holder, who shall act as its depositary until all the demands have been fully met as required by the inspection procedure.

7.2.1 The maximum term for the suspensive measure shall be thirty (30) days from the date of receipt of the Order.

7.2.2 The inspection shall determine that the analysis described in item 6.2 be carried out within the term granted, or when deemed necessary determine that the soybean lot be reprocessed before it is commercialized so as to adjust to the maximum limits as established by this Normative Instruction.

7.3 Once the term established in item 7.2.1 expires, and in case the commodity holder fails to comply with the inspection decisions, or in the event of an occurrence as described in item 6.2 an Infringement Notice shall be issued against the commodity holder as a result of the infringement prescribed in items III and IV of article 19 of Decree No. 3664/2000, in accordance with the provisions of this Normative Instruction for commercialization of consumer products in disagreement with the legal requirements and for failing to comply with the inspection directives.

7.4 The Infringement Notice shall serve as an initial basis for an administrative proceeding to be undertaken pursuant to the infringement committed, by which commodity confiscation penalties shall apply under items III and IV of article 27 of Decree No. 3664/2000 and also its disqualification under article 28 of the aforementioned Decree.

8. SAMPLING

8.1 The sampling shall be conducted by an official entity registered with the Ministry of Agriculture or by the Ministry itself when in the exercise of its supervisory activities.

8.2 The individual or legal entity that performs the sample collection shall be held legally responsible for the representativeness of the samples as regards the lot or volume from which they originated.

8.3 Sampling conducted in road or rail vehicles:

8.3.1 The collection of samples shall be conducted in areas of the vehicle as recommended by item 8.3.4 of this Normative Instruction so as to reach one-third of the upper portion, one-third of the middle and one-third of the lower portion of the load to be sampled, and a minimum of six kilograms (6kg) of the commodity must be collected.

8.3.2 The six kilograms (6kg) resulting from this sampling shall be homogenized and quartered into sub-samples and a minimum of two kilograms (2kg) of the commodity must be extracted to compose two (2) one kilogram (1kg) samples, which shall be representative of the load and thus distributed:

(a) One (1) sample destined to the physical analysis of the commodity aimed at qualifying and quantifying the presence of particles with unknown toxicity, moldy beans, dead insects or parts thereof, impurities and/or foreign matters;

(b) One (1) sample destined to the analysis of particles with unknown toxicity, when deemed necessary.

8.3.3 The amount remaining from the sampling, homogenization and quartering process shall be put back in with the lot or returned to the commodity holder.

8.3.4 Sampling criteria adopted for vehicles:

Product Load	Minimum number of areas on the vehicle to conduct sample collection	Distribution of sampling points (as marked on the vehicle drawing)
Up to 15 metric tons From 15 to 30 metric tons From 30 to 50 metric tons	5 8 11	

8.4 Sampling conducted on Moving Equipment or Grain Moving Equipment—loading, unloading or grain turning:

8.4.1 The collection of samples shall be conducted on appropriate equipment with a minimum of four (4) collections on conveyor belts, while two kilograms (2kg) of commodity for every fraction of five hundred metric tons (500t) shall be extracted from the load to be sampled at regular intervals of equal times estimated on the basis of the output at each terminal.

8.4.2 The two kilograms (2kg) extracted from each fraction of five hundred metric tons (500t) shall be homogenized, quartered and saved for the composition of the sampling, which shall be analyzed at every five thousand metric tons (5,000t) of the lot.

8.4.3 At every five thousand metric tons (5,000t), ten (10) partial samples which were saved as described in item 8.4.2. shall be collected and then homogenized and quartered at least three (3) times until ten kilograms (10kg) of commodity is obtained to compose five (5) one kilogram (1kg) samples, which shall be representative of the five thousand metric tons (5,000t) analyzed and thus distributed:

(a) One (1) sample destined to the physical analysis of the commodity aimed at qualifying and quantifying the presence of particles with unknown toxicity, moldy beans, dead insects or parts thereof, impurities and/or foreign matters;

(b) One (1) sample destined to the analysis of particles with unknown toxicity, when deemed necessary;

(c) One (1) sample destined to the issuing or receiving terminal, as is the case;

(d) One (1) sample to be retained by the exporter or commodity holder, as is the case;

(e) One (1) sample destined to the importer, as is the case.

8.4.4 The analysis result shall be recorded in an appropriate document so as to allow for audits by the Federal Agricultural Inspection Service.

8.4.5 Whenever the sampling is conducted on Moving Equipment or Grain Moving Equipment (loading, unloading or grain turning), the limits as specified in item 5 of this Instruction shall be adopted for the weighted average of the sampling results which are representative of the five thousand metric tons (5,000t) analyzed.

8.4.6 The amount remaining from the sampling, homogenization and quartering process shall be put back in with the lot or returned to the commodity holder.

8.5 Sampling at Silos and Grain Warehouses: collection shall be conducted at the warehouse reception or loading facilities by following the instructions for sampling on moving equipment.

8.6 Sampling at Conventional Warehouses—bagged commodity:

8.6.1 Collection at the lot of bagged commodity shall be conducted at random to cover ten percent (10%) of the bags comprising all sides of the pile.

8.6.2 The minimum amount collected shall be thirty grams (30g) per bag until completing a minimum of ten kilograms (10kg) of commodity, which must be homogenized, quartered and sub-sampled into three kilograms (3kg) lots to compose three (3) one kilogram (1kg) samples, which shall be representative of the lot and thus distributed:

(a) One (1) sample destined to the physical analysis of the commodity aimed at qualifying and quantifying the presence of particles with unknown toxicity, moldy beans, dead insects or parts thereof, impurities and/or foreign matters;

(b) One (1) sample destined to the analysis of particles with unknown toxicity, when deemed necessary;

(c) One (1) sample to be retained by the warehouse.

8.7 Sampling from packaged commodity:

8.7.1 A number of packages totaling ten kilograms (10kg) shall be withdrawn, regardless of the lot size, considering that the packaged commodity is usually homogeneous.

8.7.2 The commodity extracted from the packages shall be homogenized, quartered and reduced to three kilograms (3kg) to compose three (3) samples weighing one kilogram (1kg) each, which shall be representative of the lot and thus distributed:

(a) One (1) sample destined to the physical analysis of the commodity aimed at qualifying and quantifying the presence of particles with unknown toxicity, moldy beans, dead insects or parts thereof, impurities and/or foreign matters;

(b) One (1) sample destined to the analysis of particles with unknown toxicity, when deemed necessary;

(c) One (1) sample to be retained by the warehouse.

8.7.3 The amount remaining from the sampling, homogenization and quartering process shall be put back in with the lot or returned to the commodity holder.

Attachment II

Methodology for the Calculation of the BM&F Exchange Rate Benchmark: Reals per Dollar of the United States of America

The calculation of the BM&F Exchange Rate Benchmark of Brazilian Reals per United States Dollar, to be used in the cash settlement of residents' transactions in the soybean futures market, shall be made in accordance with the following criteria:

1. BM&F, together with the Settlement Bank of its transactions abroad, shall list the 14 institutions, among the best positioned in the interbank foreign exchange market—which for this purpose shall be called informing banks—from which it shall collect daily bid and asked quotations for the U.S. Dollar for cash delivery on T+2, that is, on the second business day both in New York and in Brazil;
2. The daily survey shall be made with at least 10 institutions from among the 14 previously selected. This survey shall be conducted during the period that coincides with the last 30 minutes of the open outcry session of the U.S. Dollar futures contract;
3. The prices shall be firm since BM&F may close the necessary foreign exchange operation for the cash settlement of nonresidents' transactions with any of the informing banks;
4. BM&F shall calculate the average bid–asked price of each informing bank;
5. After excluding the two highest and the two lowest average individual prices, a simple arithmetic mean of the remaining average individual prices shall be calculated;
6. The BM&F Exchange Rate Benchmark shall be the average calculated in accordance with item 5 above adjusted to T+1, that is, to the first day when there is not a banking holiday in New York and when there is a trading day at BM&F. This adjustment shall be made by adding or deducting the cost of remuneration in U.S. Dollars, based on the LIBOR, and the cost of the banking reserve in Reals at the Average One-Day Interbank Deposit Rate (ID), whenever applicable;
7. The Exchange shall also disclose an ID reference rate for the adjustment referred to in item 6. The procedures for the calculation of the ID reference rate shall be similar to those used in the calculation of the BM&F Exchange Rate Benchmark, as defined in items 1 to 5, by using the same list of informing banks;
8. Upon mutual agreement with the Settlement Bank located abroad, BM&F may increase or reduce the number of informing banks in the sample, as well as the number of prices to be excluded from the daily sample;
9. At its own discretion, the Exchange may arbitrate a price for the BM&F Exchange Rate Benchmark should it not consider the quotations collected from the informing banks to be representative;
10. This attachment is an integral part of the Soybean Futures Contract Specifications.

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Attachment III

List and Description of the Documentation Referred to in the Soybean Futures Contract

(a) Documentation to be sent by to the member Brokerage House upon the electronic registration of the Delivery Notice by the seller for invoice purposes:

- **Certificate of Weight and Quality Inspection**
  To be issued by an Exchange-licensed Quality Supervisor of the seller's choice, such certificate shall be based on the sample drawn from the commodity after it has been deposited in the Exchange-licensed warehouse/silo attesting that the soybean strictly conforms to the grades referred to in item 1 of the contract specifications.
- **Commodity Ownership Declaration and Weight and Quality Certification** (Attachment IV shows an example)
  To be issued by the legal representative of the Exchange-licensed warehouse/silo and also signed by the seller attesting to the commodity ownership and informing the commodity's weight and grade based on the Certificate of Weight and Quality Inspection (as described above) issued by an independent Supervisor;
- **Letter of Confirmation of Commodity Receipt for Deposit** (Attachment VI shows an example)
  To be issued and signed by the legal representative of the Exchange-licensed warehouse/silo, as requested by the seller to grant exclusively to BM&F the power to release definitely the commodity to the buyer after the payment is made. In this same letter, the legal representative of the Exchange-licensed warehouse/silo attests that storage and insurance expenses are paid up to the fifteenth day of the delivery month.

(b) Further documentation:

- **Exportation Invoice Letter** (Attachment VI shows an example)
  To be signed by the buyer who thereby formally commits to evidence the exportation of the commodity via maritime transport;
- **Third Party Assignment** (Attachment VII and VIII show examples)
  To assign third parties to take or make delivery, both buyer and seller must adopt the procedures referred to in Attachment VII and VIII.

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Attachment IV

(Exchange-licensed warehouse's/silo's letterhead)

(place and date)

Number of attached certificates:

COMMODITY OWNERSHIP DECLARATION AND WEIGHT AND QUALITY CERTIFICATION

To the
BRAZILIAN MERCANTILE & FUTURES EXCHANGE (BM&F)
São Paulo, SP

Dear Sirs:

With respect to the __________ metric tons of soybean currently deposited in this warehouse/silo and referred to in the certificates listed below, we hereby declare that they belong to ___________________ (seller's data—name, address, corporate taxpayer register of the Ministry of Finance/CNPJ, and State tax registration).
We hereby inform that the commodity grade conforms exactly to the one referred to in item 1 of the Soybean Futures Contract.
We further inform that we are not aware of the existence of any debts or charges, including fiscal debts related to the soybean. By jointly singing the current Declaration, the commodity owner above-referred confirms expressly that the commodity is free from any and all debts, charges, and fiscal debts.
We hereby confirm the veracity of the data contained in the Certificates of Weight and Quality Inspection referred to below and issued by _____________________________ (name of the Quality Supervisor).

		– quantity in metric tons –
Re.	XXXX	XXX
Re.	XXXX	XXX
Total deposited:		XXX tons

Average quality discount corresponding to the delivered soybean, in accordance with the tolerances admitted in item 1 of the Soybean Futures Contract: _____________ (please specify if different from zero or write "zero").
The warehouse/silo identified below warrants that the commodity referred to in this Declaration shall not be subject to a blend whose grades do no meet the provisions of item 1 of the Soybean Futures Contract.

Yours sincerely,

____________________________ ____

(seller's name and signature) (warehouse/silo name and name and position of responsible party)
(in the case of a warehouse, trustee's signature)

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Attachment V

(Exchange-licensed warehouse's letterhead)

(place and date)

To the
BRAZILIAN MERCANTILE & FUTURES EXCHANGE (BM&F)
São Paulo, SP

Re.: _______ **Metric Tons of Soybean in Bulk, Export Type – Confirmation of Receipt for Deposit**.

Dear Sirs:

We hereby inform that the Depositor, ____________________ (name, address, corporate taxpayer register of the Ministry of Finance/CNPJ, and State tax registration), has expressly determined, as per the letter we received, that the above-referred commodity of his/her/its ownership, which has been received for deposit, safekeeping, and conservation by this Warehouse (name) through Bill(s) of Sale No(s). ______________________ and which is the underlying commodity of the futures contract traded at the Brazilian Mercantile & Futures Exchange (BM&F), be only released for delivery against the written statement of the BM&F, attached to the proper fiscal documentation that meets the current fiscal legislation.
The above-mentioned letter states that such order is not transferrable and that it can only be revoked against the former knowledge and express written consent of BM&F.
In addition to the commitment mentioned expressly in the first paragraph, the Depositor has declared that it will not use, replace, or withdraw part or all of the commodity without the express agreement of the BM&F.
We also hereby certify that storage and insurance expenses have been paid by the Depositor up to the 15th day of ________________ (delivery month).

Yours sincerely,

____
(warehouse's name and signature/position of responsible party)

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Attachment VI

Exportation Invoice Letter

(buyer's letterhead)

(place and date)

To the
Brokerage House
(address)

Re.: **Exportation Invoice Letter**.

Dear Sirs:

We hereby inform that the __________ metric tons of soybean corresponding to the physical delivery of __________ futures contracts (______________ delivery) are destined to exportation. Therefore, we hereby request that the invoice be made by the seller without the amounts corresponding to the taxation (including PIS and COFINS) that would apply should the soybean be destined to the domestic market.
In view of the above and without prejudice to the responsibility we have already assumed by virtue of the provisions of the Soybean Futures Contract and the rules and regulations established by BM&F, we take full responsibility: (i) for effecting the aforementioned exportation; (ii) for evidencing it properly by presenting to the seller the applicable fiscal documentation, within the established time frame; and (iii) for any damage or loss suffered by the seller, by your Brokerage House, or by BM&F as the result of any delay in the fulfillment of the obligations referred to herein or of the failure in their fulfillment.

Yours sincerely,

____
Buyer (authorized signature)

Agreed:

____
Brokerage House (authorized signature)

Attachment VII

(customer's letterhead, if possible)

(place and date)

To the
Brokerage House
(address)

Re.: **Third Party Assignment for Physical Delivery**.

We hereby indicate ______________________ (name and particulars) as the assigned (buyer/seller) to (take/make) delivery of _________________ (quantity) lots of ______________ (commodity, delivery month, and other needed data), pursuant to the provisions of the Soybean Futures Contract, the Operating Rules, the Bylaws, and further regulations of the Brazilian Mercantile & Futures Exchange (BM&F).
Pursuant to the provisions of such rules and regulations, we hereby take all of the responsibilities that directly or indirectly result from such an assignment, especially in regard to the obligations of the third party thus assigned, for which we remain jointly and subsidiarily responsible.

Yours sincerely,

____
Undersigned (authorized signature—name and particulars)

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Attachment VIII

(example)

TERM OF RESPONSIBILITY

In the best legal form, we hereby declare that as of this date we assume the position of the assigned (buyer/seller) and therefore become responsible for (taking/making) delivery of the commodity underlying the below mentioned contract.
We also declare that, as a customer of the Brokerage House (specify), we are aware of and commit to comply to the provisions of the Brazilian Mercantile & Futures Exchange's Bylaws, Operating Rules, and further regulations, as well as the specifications of the Exchange-traded contracts and the obligations related to the transactions carried out in its auction markets, especially those concerning physical delivery against the Soybean Futures Contract.

ORIGINAL BUYER/SELLER DATA

CONTRACT'S COMPLETE DATA

(place and date)

ASSIGNED BUYER/SELLER COMPLETE DATA

____
Undersigned (authorized signature—name and particulars)