

THE LONDON RICE BROKERS' ASSOCIATION
(Established 1869)

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THE LONDON RICE BROKERS' ASSOCIATION
STANDARD TERMS (SEPTEMBER 2015)

The following terms and conditions shall be THE STANDARD TERMS for business contracted on the London Rice Brokers' Association contract.

1. VESSEL CLASSIFICATION (FOB/CIF/C&F Contracts)

1.1 Vessels to be used in connection with this contract are to be:

- (i) tight, staunch, strong, suitable for the carriage of rice and in every way fitted for the voyage including the fulfilment of all documentary requirements for the required services; and
- (ii) classed by a classification society which is, at the time of the contract, either a current member or current associate member of the International Association of Classification Societies

provided such vessels are:

- (a) not combination carriers;
- (b) not tankers; and
- (c) not over 25 years of age, but if over 15 years of age the vessel must have established and maintained a regular pattern of trading on an advertised schedule to load and unload at specific ports.

Vessels falling outside of the foregoing requirements may only be used with the agreement of both Buyer and Seller, and on such insurance terms as may be agreed between those parties.

1.2 The party responsible for contracting the freight shall procure that, at all times from the time of nomination until discharge, such vessels will be fully insured for Hull and Machinery risks and fully P&I covered and such vessels (and their owners and managers) will comply with all statutory requirements of the flag State relating to the construction, adaptation, condition, fitment, equipment and manning of the vessels and will comply with the requirements of the International Safety Management (ISM) Code or statutory enactments thereof ("the Code") and will all times maintain the certificates as are issued by or on behalf of the flag State in relation to the Code or statutory enactments thereof.

2. **DUTIES/TAXES/LEVIES**

- 2.1 Any duties and/or taxes and/or levies and/or imposts and/or fees and/or charges of every description, present or future, on the Rice or on its export, import, delivery, transportation, sale or use to be for Seller's account if levied in country of shipment and for Buyer's account if levied in country of destination.

3. **EXPORT/IMPORT LICENCES**

- 3.1 Export licence, if required, shall be guaranteed by Seller and be at Seller's risk and expense.
Import licence, if required, shall be guaranteed by Buyer and be at Buyer's risk and expense.

4 (a) **LOADING (FOB Contracts)**

- 4 (a).1 Seller shall be responsible to load, stow and trim the Rice on to the vessel in 1 or 2 safe berths at port of loading free of expense to the vessel. Mats, dunnage, ventilators and survey of vessel's holds to be for Buyer's account.
- 4 (a).2 Unless otherwise specified, Buyer shall give Seller 10 (ten) days' notice of vessel's name, demurrage or daily hire rate under the applicable charterparty and probable date of readiness to load, and of the estimated tonnage required for loading. If the contract provides that the vessel is to be presented at the load port within any period of time, vessel to be so presented in readiness to load. Buyer has the right to substitute the nominated vessel but the original delivery period and any extension thereto shall not be affected thereby. Should the substitute vessel arrive earlier than the nominated vessel, the 10 days' notice hereunder shall be effective as from the date of the original nomination. Buyer to be responsible for proven costs incurred by Seller as a result of the substitution.
- 4 (a).3 Vessel to load at the average rate specified, basis 5 (five) workable hatches or pro rata, per weather working day of 24 (twenty-four) consecutive hours Sundays and holidays excluded unless used, in which case actual time used to count.
If no such rate is specified, vessel to load at the rate specified in the charterparty.
- 4 (a).4 Notice of readiness to be tendered by Buyer to Seller upon vessel's arrival, whether vessel in port or not, whether vessel in free pratique or not, whether vessel customs cleared or not. Notice of readiness shall be tendered in writing at port of loading between the hours of 08.00 and 17.00 local time on any day except Saturdays, Sundays or holidays and between 08.00 and 12.00 noon local time on Saturdays. Time to count from 13.00, if notice of readiness is given before noon, and from 08.00 the next working day, if notice of readiness is given after noon. If, after NOR has been tendered, the vessel is subsequently inspected and her holds are found unfit to load, laytime/demurrage shall cease from the time the vessel fails the inspection until her holds are passed accordingly.
- 4 (a).5 Demurrage shall be paid by Seller to Buyer in the event that the Rice is loaded at an overall rate that is slower than that identified in clause 4 (a).3 of this contract. Seller shall be responsible to Buyer for demurrage, at the charterparty rate (or, in case of a time charterparty, at the daily hire rate) unless otherwise specified in this contract, whether or not such demurrage is payable by Buyer to the vessel provided always that there will be no demurrage liability hereunder in the event that the delay results from the vessel's own fault.

4 (b). DISCHARGE (CIF/C&F Contracts)

- 4 (b).1 Vessel to discharge at the average rate specified, basis 5 (five) workable hatches or pro rata, per weather working day of 24 (twenty-four) consecutive hours Sundays and holidays excluded unless used, in which case actual time used to count. If no such rate is specified, vessel to discharge at the rate specified in the charterparty.
- 4 (b).2 Notice of readiness to be tendered by Seller to Buyer upon vessel's arrival, whether vessel in port or not, whether vessel in free pratique or not, whether vessel customs cleared or not. Notice of readiness shall be tendered at port of discharge in writing between the hours of 08.00 and 17.00 local time on any day except Saturdays, Sundays or holidays and between 08.00 and 12.00 noon local time on Saturdays. Time to count from 13.00, if notice of readiness is given before noon, and from 08.00 the next working day, if notice of readiness is given after noon.
- 4 (b).3 Demurrage shall be paid by Buyer to Seller in the event that the Rice is discharged at an overall rate that is slower than that identified in Clause 4 (b).1 of this contract. Buyer shall be responsible to Seller for demurrage, at the charterparty rate (or, in case of a time charterparty, at the daily hire rate) unless otherwise specified in this contract, whether or not such demurrage is payable by Seller to the vessel provided always that there will be no demurrage liability hereunder in the event that the delay results from the vessel's own fault. If requested by Buyer, Seller must provide details of the vessel's demurrage or daily hire rate under the applicable charterparty.

5. EXTENSION OF SHIPMENT (FOB Contracts)

- 5.1 The contract period of shipment shall, if desired by Buyer, be extended by an additional period of 21 (twenty-one) consecutive days, provided that Buyer gives notice in accordance with the Notices Clause not later than the next business day following the last day of the shipment period. In this event Seller shall carry the Rice for Buyer's account at 0.1% of the contract price per day.
- 5.2 Any difference in export duties, taxes, levies, etc between those applying during the original shipment period and those applying during the period of extension shall be for the account of Buyer, and Seller shall produce evidence of the amounts paid if required by Buyer and in such case the Default Clause shall not apply.
- 5.3 Should Buyer not have taken delivery by the end of this extension period, Seller shall have the option of declaring Buyer in default and shall be entitled to claim damages, or shall be entitled to demand payment at contract price plus such charges as stated in clause 5.1, less current FOB charges, against warehouse warrants. The tender of such warehouse warrants shall be considered as complete delivery on the part of Seller for the purposes of the contract.

6. ADVICE OF SHIPMENT (C+F/CIF CONTRACTS)

- 6.1 Shipment or shipments to be declared promptly by Seller to Brokers or Buyer in accordance with Notices Clause not later than 5 (five) days from the date of Bill of Lading giving the vessel's name, the date of the Bill of Lading and the approximate quantity loaded, subject to confirmation. Any declaration given shall be deemed under reserve for errors in transmission. Such information to be passed on to Buyer and in the case of resale to any subsequent buyer without delay.

7. EXTENSION OF SHIPMENT (C+F/CIF Contracts)

- 7.1 The period herein specified within which Bills of Lading must be dated (the shipment period) shall be deemed to include an additional period of not more than 8 (eight) days, when so desired by the Seller, provided he gives Buyer notice of his intention to claim additional days, sent not later than the business day following the last day included in the originally stipulated shipment period. Such notice need not state the number of additional days claimed by Seller and Seller may ship at any time within the 8 (eight) additional days. Seller, however, shall make an allowance to Buyer to be deducted in the invoice from the contract price, based on the number of days by which the originally stipulated period is exceeded, as follows:

For 1, 2, 3 or 4 additional days, 0.5% of the gross C+F/CIF price.

For 5 or 6 additional days, 1% of the gross C+F/CIF price.

For 7 or 8 additional days, 1.5% of the gross C+F/CIF price.

If, however, after having given notice to Buyer as above, Seller fails to effect shipment within the said 8 (eight) days, the contract shall be deemed to have called for shipment during the originally stipulated period plus 8 (eight) days, at contract price less 1.5% and any settlement for default shall be calculated on that basis. If any allowance becomes due under this clause, the contract price shall be deemed to be the original contract price less the allowance and any other contractual differences shall be settled on the basis of such reduced price.

8. SHIPMENT

- 8.1 Goods shall be shipped in good condition and, in the case of C+F/CIF contracts, no later than midnight (local time) of the final day of the shipment period.
- 8.2 Each shipment to be considered a separate contract, but the quantity tolerance on the mean quantity sold shall not be affected.
- 8.3 Partial shipments not allowed, unless otherwise agreed.

9. RISK AND TITLE

- 9.1 In case of CIF or C&F contracts, risk shall pass to Buyer when the Rice has been stowed. In case of FOB contracts, risk shall pass to the Buyer when the Rice is landed on the vessel or, in case of FOB stowed contracts, when the Rice has been stowed. In any such case, title shall pass to Buyer once payment has been made in full.

10. INSURANCE

- 10.1 Marine insurance including War Risks, Strikes, Riots and Civil Commotion, but excluding trade loss to be covered for the period of the sea voyage from warehouse to warehouse at discharge port unless stated differently in the contract.
- 10.2 The insurance shall be for 10% above the net invoiced amount and to be placed with first class underwriters without guarantee for the solvency and without detriment to the bearer of the policy or certificate.
- 10.3 Insurance policy or certificate issued under a floating policy is acceptable. Cover notes issued and signed only by insurance brokers are not acceptable, although policies/certificates issued by a broker under a binding authority are acceptable.

10.4 Where the sale is on CIF terms, Seller shall provide insurance. Where the sale is on C+F terms, Seller shall give Buyer at least 5 consecutive days' notice of expected date of commencement of loading. C+F Buyer shall provide insurance and shall give Seller confirmation thereof at least 2 working days prior to expected date of commencement of loading. If Buyer fails to provide this confirmation, Seller shall have the right to place such insurance at Buyer's risk and expense. Where the sale is on FOB terms, Buyer shall provide insurance and shall give Seller confirmation thereof at least 5 consecutive days prior to expected readiness of vessel. If Buyer fails to provide such confirmation, Seller shall have the right to place such insurance at Buyer's risk and expense.

10.5 Insurance is to be effected on the following conditions:

A. All risks as per article 8 of Antwerp Cargo Policy (dated 20.04.2004)

and the relevant clauses for War, Strikes, Riots and Civil Commotion Risks.

alternatively

B. On London Institute Cargo Clauses:

ICC(A) or Cargo Clauses (All Risks) 1/1/2009

ICC(B) or Cargo Clauses W.A. 1/1/2009

ICC(C) or Cargo Clauses F.P.A. 1/1/2009

and the relevant clauses for War, Strikes, Riots and Civil Commotion Risks.

10.6 All conditions to include insurers' liability under "Both to Blame" clause and "New Jason" clause if same are incorporated in the Bill of Lading or delivery order.

10.7 Overage premium for account of the party contracting the freight.

10.8 War risk premium in excess of 0.5% for Buyer's account.

11. PAYMENT

11.1 Payment to be in exchange for shipping documents consisting of at least:

(i) Commercial invoice; and

(ii) Clean on board Bill of Lading (charterparty Bill of Lading acceptable) or, at the option of Seller, a delivery order certified by shipowners, shipowners' agents or by prime bank; and

(iii) Any other documents which Seller has undertaken to supply pursuant to the contract.

11.2 Payment to be made on the following terms unless specified otherwise in the contract.

1) by irrevocable letter of credit to be issued or confirmed by a prime bank. Workable and contractual letter of credit to be opened and received in good order by Seller within 7 (seven) consecutive days from date of contract. All bank charges at issuing and confirming bank, if confirmation required, for Buyer's account. All bank charges at advising bank for Seller's account.

OR

- 2) by presentation of the required documents at Buyer's bank or in trust, to be mutually agreed.

In either case, payment to be made

- a) by cash by telegraphic transfer, TT expenses for Buyer's account; or
 - b) by draft issued by Seller to be either endorsed by Buyer's bank at Buyer's expense or accepted by Buyer as specified in the contract. Presentation expenses for Seller's account, all bank charges at Buyers' bank for Buyer's account.
- 11.3 In the event shipping documents referred to in clause 11.1 are not in the possession of Buyer upon the vessel's arrival at the port of destination, all costs and consequences including, without limitation, demurrage to be for Seller's account. Buyer has the obligation in all circumstances, if necessary and provided vessel's owners agree, to take delivery of the Rice against bank guarantee presented to vessel at Seller's cost, provided always that clause 11.1 has been complied with.
- 11.4 Should payment be unreasonably delayed, interest relative to the currency of the contract may be recovered by the Seller. If there is no agreement on the payment of interest, including the rate and duration, the question of interest, if any, shall be settled by arbitration.

12. **QUALITY, WEIGHT AND CONDITION**

- 12.1 The parties shall agree that the quality, condition and weight of the Rice must comply with the contractual specification and other relevant contract terms either at the time of shipment or at the time of arrival. If the contract is silent in this respect, the quality, condition and weight of the Rice must comply with the relevant contractual provisions at the time of shipment. In all cases, the Rice shall be free from the live infestation at time of shipment.
- 12.2 **[Quality, condition and weight at Shipment]:** The quality condition and weight of the Rice shall not be inferior to the contractual specifications and other relevant contract terms and shall be finally determined by either:
- a) certificate(s) issued by first class international superintendence company and to be supplied by Seller at Seller's cost; or
 - b) with respect to sales by sample, the certificate issued by first class superintendence company stating that the quality is equal to the type sample sealed, furnished by and in the possession of the Seller's broker.

All samples shall be drawn at time and place of shipment.

- 12.3 **[Quality, condition and weight on Arrival]:** The quality, condition and weight of the Rice on arrival of the vessel at port of destination shall be finally established (i) as to weight and condition by certificate(s) issued by a first class international superintendence company appointed by Seller and at Seller's cost and (ii) as to quality by analysis of average samples carefully drawn from the vessel's holds at time of discharge and sealed jointly by Buyer and Seller or their representatives. Sample expenses shall be for Seller's account. Analysis to be effected not later than 10 (ten) days after sampling by an independent laboratory accepted by both Buyer and Seller. Analysis expenses shall be for the account of Buyer, unless the Rice is out of specification, in which case for account of Seller. On no account may the Rice be

rejected on the ground that its quality does not comply with contractual specifications at the time of arrival.

- 12.4 Samples required for the purposes of this clause shall be taken at the time of shipment or arrival, as the case may be, in accordance with GAFTA sampling rules Form No.124. Samples shall be prepared for analysis in accordance with method 1 of GAFTA Analysis Methods Form No130 (as now incorporated into GAFTA form No 124), and analyses to establish humidity and moisture shall be carried out in accordance with method 2:2 of GAFTA Analysis Methods Form No.130 (as now incorporated into GAFTA form No 124). Weighing to be carried out in accordance with GAFTA weighing rules Form No 123.

13. **DEFAULT**

- 13.1 In the event of default by either party, the following provisions shall apply:

- 13.2 The party not in default shall at their discretion have the right to sell or purchase, as the case may be, against the party in default, and the sale or purchase price shall be the default price. In order to exercise this right under this clause, the party not in default shall first give the defaulter 24 (twenty-four) hours' prior notice of their intention in accordance with the Notices Clause.

If the default party shall be dissatisfied with such default price, or if the right of sale or purchase is not exercised by the party not in default, then the amount of damages shall be settled by arbitration. Damages shall be based on the difference between the contract price and the default price if established, or the contract price and the actual or estimated market value of the Rice on the date of default.

Damages may also include such proven additional expenses or costs which may be directly attributable to the defaulter's breach of contract.

All damages shall be calculated on the mean contract quantity unless an alternative quantity has been declared for loading under the contract in which case the latter quantity will be used.

14. **FORCE MAJEURE**

- (a) Should Prohibition of Export, or other Acts of Government, Riots, Strikes, Lock-outs, Civil Commotion, Civil War, War, Earthquake, Floods, Fire, official declaration of Plague infection, Stress of Weather, Act of God or any other cause or causes of force majeure which are outside the control of Seller, delay or prevent delivery at the load port of the whole or part of the Rice allocated to the contract by Seller and/or delay or prevent Seller from loading the Rice allocated to the contract on the vessel ("the occurrence"), Seller shall notify Buyer within 7 (seven) consecutive days of the occurrence or not later than 14 (fourteen) working days before the commencement of the contractual shipment period, whichever is the later, and the contract shipment period shall then be extended by 30 (thirty) days. The notice shall give the reason(s) for the delay of shipment. If at the expiration of that period shipment is still prevented by any of the above causes, such part of the contract relating to that shipment which has been so delayed or prevented shall be considered null and void, unless a further extension is mutually agreed between Buyer and Seller.
- (b) Should Prohibition of Export, or other Acts of Government, Riots, Strikes, Lock-outs, Civil Commotion, Civil War, War, Earthquake, Floods, Fire, official declaration of Plague infection, Stress of Weather, Act of God or any other cause or causes of force

majeure which are outside the control of Buyer result in the loss of or delay to the nominated vessel and thereby prevent Buyer from accepting delivery of the Rice within the contractual shipment period (“the occurrence”), Buyer shall notify Seller within 7 (seven) consecutive days of the occurrence or not later than 14 (fourteen) working days before the commencement of the contractual shipment period, whichever is the later, and the contract shipment period shall then be extended by 30 (thirty) days. The notice shall give the reason(s) for the delay of shipment. If at the expiration of that period acceptance of delivery by Buyer is still prevented by any of the above causes, such part of the contract relating to that shipment which has been so prevented shall be considered null and void, unless a further extension is mutually agreed between Buyer and Seller.

15. **NOTICES CLAUSE**

- 15.1 Any notices, declarations or advices given under or in relation to this contract shall be transmitted by telex, cable, fax, e-mail or other electronic means. Such notices, declarations or advices must be received within the period specified by the contract.
- 15.2 Notices, except Notice of Readiness, received after 1700 hours local time, shall be deemed to have been received on the next business day following. Should the last day of the period stipulated for passing of notices fall on a Saturday, Sunday or the officially recognised and/or legal holidays of the respective countries, or on any day which the London Rice Brokers’ Association shall declare to be a non-business day, the period shall be extended to the first business day thereafter, and for this purpose Saturday and Sunday shall be considered a non-business day.
- 15.3 Declarations received after 1700 hours local time, Monday to Friday, shall be deemed to have been received on the next business day following:
- 15.4 The contract shipment period shall not be affected by this clause.
- 15.5 Notices to the broker(s) shall be deemed as notices to all parties.

16. **NON BUSINESS DAYS**

- 16.1 Saturdays, Sundays and officially recognised holidays of respective countries and any day which The London Rice Brokers Association may declare as non business days, shall be non business days.

17. **GOVERNING LAW**

- 17.1 This contract shall be deemed to have been made in England and the construction, validity and performance thereof shall be governed in all respects by English law.

18. **INTERNATIONAL CONVENTIONS**

- 18.1 The following shall not apply to this contract:
- (a) The Uniform Law on Sales and the Uniform Law on Formation to which effect is given by the Uniform Laws on International sales Act 1967.
 - (b) The United Nations Convention on Contracts for the International Sale of Goods of 1980.
 - (c) The United Nations Convention on Prescription (Limitation) in the International Sale

of Goods of 1974 and the amending Protocol of 1980.

19. **ARBITRATION**

19.1 (a) Any dispute arising out of or under this contract shall be settled by arbitration in accordance with the Arbitration Rules, No. 125, of The Grain and Feed Trade Association, in the edition current at the date of this contract, such Rules forming part of this contract and of which both parties hereto shall be deemed to be cognisant.

(b) Neither party hereto, nor any persons claiming under either of them shall bring any action or other legal proceedings against the other of them in respect of any such dispute until such dispute shall first have been heard and determined by the Arbitrator(s) or a Board of Appeal, as the case may be, in accordance with the Arbitration Rules and it is expressly agreed and declared that the obtaining of an award from the Arbitrator(s) or a Board of Appeal, as the case may be, shall be a condition precedent to the right of either party hereto or of any persons claiming under either of them to bring any action or other legal proceedings against the other of them in respect of any such dispute.

Provided always, however, that neither party shall be prevented from seeking to obtain security for their claim(s) against the other by legal proceedings in any jurisdiction provided that such legal proceedings are limited to the obtaining of security and do not deal with the substantive merits of the dispute between the parties which are to be determined by arbitration in accordance with clause 19.1(a) above.

(c) Arbitration proceedings under this clause must be commenced by Notices of Arbitration given in accordance with clauses 15 and 19 of this contract which must be sent to and received by:

(i) The London Rice Brokers' Association at their offices, and;

(ii) the respondent party at that party's last known address.

(d) Notices under Clause 19.1 (c) must be tendered:

(i) subject to (ii) below, no later than one calendar year either after the delivery of the Rice in accordance with this contract or after the first occurrence of those events which give rise to any dispute to be settled by arbitration in accordance with Clause 19 (a), whichever is the later; or

(ii) in respect of any dispute arising out of or under this contract in respect of the quality of the Rice, no later than one calendar month after the date of final discharge from the vessel.

20. **BROKERAGE**

20.1 Brokerage at the rate specified in the contract to be paid, cargo lost or not lost, contract fulfilled or not fulfilled. In the event that there is no separate brokerage agreement in place between the broker and Seller or Buyer (whichever shall have been agreed to be responsible for brokerage), the broker to have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce this term in its own right and for its own benefit, and may invoke the arbitration or other dispute resolution provisions as agreed between Seller and Buyer to secure payment of brokerage.

21. **SANCTIONS**

- 21.1 The parties hereto warrant that they have complied at all times with any applicable and relevant sanctions, prohibitions and regulations (whether national, US, UN or European) in relation to transactions with blacklisted/restricted countries, including money transfers related to such transactions and restrictions against dealings with black listed /prohibited persons or entities, and in relation to anti-terrorist and anti-bribery measures ("the Sanctions") and are not themselves (or through any subsidiary or affiliate) currently blacklisted or sanctioned in any way. Each party further warrants that it will not perform its obligations pursuant to the contract or take any other steps whatsoever that have the effect of putting the other party in breach of the Sanctions