

EAST AFRICAN TEA TRADE ASSOCIATION



EAST AFRICAN TEA TRADE ASSOCIATION
RULE BOOK

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TEA TRADE CENTRE – NYERERE AVENUE – MOMBASA

2016 VERSION

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**EAST AFRICAN TEA TRADE ASSOCIATION
REVISED RULES AND REGULATIONS AS APPROVED AT
ANNUAL GENERAL MEETINGS, EXTRA ORDINARY GENERAL MEETINGS
AND BOARD MEETINGS INCORPORATING THE RULES AND REGULATIONS
OF THE FORMER EAST AFRICAN TEA TRADE ASSOCIATION:**

- I. 2nd April 1971**
- II. 27th May 1976**
- III. 26th September 1980**
- IV. 23rd October 1981**
- V. 22nd February 1985**
- VI. 20th September 1988**
- VII. 29th September 1989**
- VIII. 28th September 1990**
- IX. 15th March 1991**
- X. 28th February 1992**
- XI. 23rd September 1994**
- XII. 27th September 1996**
- XIII. 4th April 1997**
- XIV. 26th September 1997**
- XV. 27th March 1998**
- XVI. 31st July 1998**
- XVII. 26th March 1999**
- XVIII. 24th September 1999**
- XIX. 30th March 2001**
- XX. 22nd March 2002**
- XXI. 28th March 2003**
- XXII. 26th March 2004**
- XXIII. 31st March 2005**
- XXIV. 30th March 2007**
- XXV. 28th March 2008**
- XXVI. 27th March 2009**
- XXVII. 26th March 2010**
- XXVIII. 25th March 2011**
- XXIX. 30th March 2012**
- XXX. 30th November 2012**
- XXXI. 28th November 2014**
- XXXII. 27th February 2015**
- XXXIII. 27th March 2015**
- XXXIV. 31st March 2016**
- XXXV. 22nd July 2016**

PART I

GENERAL TRADING RULES

The following rules have been adopted by the Company pursuant to Section 1 of Article XIX of the Company's Articles of Association:

- 1 Trading at the EATTA Auction by members shall be regulated as follows¹:
 - a) Membership to EATTA is not restricted where trading is permitted between members²
 - b) Producer Members shall appoint agents (Broker and Warehouse Members) by means of a written agreement.
 - c) Producer Members may sell to Buyer Members and Buyer Members may purchase tea from Producer Members in Africa. Broker Members may not buy tea from Producer or Buyer Members for subsequent resale by them or assume ownership of teas except as provided for under Rules 5 e) and 45.
 - d) For the purpose of these Rules a sale of tea shall be deemed to have taken place if
 - e) The title to the tea passed from one person to another in Africa.
 - f) Nothing in these Rules shall prevent Producer Members marketing their own produce for retail to the public in Africa within Government Regulations.
- 2 All sales of tea by Broker Members, whether by private treaty or printed for sale in Auction whether subsequently sold in Auction or outside the Auction, shall be held under and subject to the Rules and Regulations of the Association for the time being in force. The Conditions of Sale shall be the conditions of sale of the Association as set out in these Rules and Regulations specified under Parts I, II, III, IV, V and VI.
- 3 For purposes of trading at the auction, the catalogues published by Brokers shall be recognized by the membership. The Brokers shall offer tea for sale on behalf of Producers and Buyers in auction or by Private Treaty³.
- 4 Each package in a lot shall be treated as if it were the subject of a separate contract without however, entitling Buyers to require delivery of less than the whole or part lot bought. Disputes concerning the accuracy of samples or the description of teas and claims to reject shall, unless settled between the parties, be referred to the arbitrators who shall be empowered to accept or reject of the entire lot or part of particular packages therein as the obligation of the contract and the particulars of the tea tendered that may be required in order to do justice to the parties.
- 5 Any EATTA registered Broker Member(s) shall undertake⁴:
 - a) Not to act as a Broker in any transaction in tea in which it or he or any of its or his partners, directors or assistants are interested, directly or indirectly, as Seller, Buyer or otherwise than as Brokers within Africa.
 - b) Not to act as a Broker in any sale of tea other than to a Buyer or Packer Member of the Association.
 - c) Not invite or execute or permit any of his or its partners, directors or assistants to invite or execute orders from any outside market, or act in any way, which may interfere with Buyer Member's interests.
 - d) Not to undertake the duties of Agents on behalf of a Producer Member beyond the receipt and sale of tea either privately or by auction.
 - e) Broker Members may make advances of money against documents representing title of teas, may finance Producer Members through their Agent or Bankers, and may as security for such advance, take debentures, mortgage or charges on the crop or other assets of such Producer Member.
 - f) Not handle or in any way trade with teas given to another Broker for sale unless and until such teas have been withdrawn from the Broker by the persons or firms duly and properly empowered to do so.

¹ Amended at the AGM of 31st March 2016.

² Amended at the AGM of 31st March 2016.

³ Amended at the AGM of 31st March 2016.

⁴ Amended at the AGM of 31st March 2016.

- g) To charge and collect from both the Producers and the Buyers the full brokerage commission and charges prescribed by the Board. Brokers are not permitted to refund, either in part or whole, any of these charges, brokerage or commission⁵.
 - h) When buying for a Buyer Member, a Broker shall charge a fee of 0.5% in addition to the normal buying brokerage.
- 6 Buyer Member(s) shall undertake not to⁶:
- a) Act as a Broker or usurp the function of Brokers in any purchase or sale of tea between Members at the EATTA Auction⁷.
 - b) Operate simultaneously as a Packer Member; neither will a Packer Member operate simultaneously as a Buyer Member⁸.
- 7 Packer Member(s):
- a) Shall be allowed to pack tea to a maximum of one ten kilogram packet for purposes of selling to the public.
 - b) Will not be entitled to pre-auction samples as prescribed in Rule 61 or a seat in the Auction Room.
- 8 Producer Members shall not act or usurp the function of EATTA Auction Brokers in any purchase or sale of tea between Members⁹.
- 9 Any company undertaking warehousing of tea shall register with EATTA.
- 10 The Board may develop and carry out improvements to the Auction systems which would include Electronic Payment Systems and Electronic Commerce, for purposes of carrying out the objectives of the Company. The Board shall table before the Company for approval, such developments before roll-out of the same.

⁵ Amended at the AGM of 31st March 2016.

⁶ Amended at the AGM of 31st March 2016.

⁷ Amended at the AGM of 31st March 2016.

⁸ Amended at the AGM of 31st March 2016.

⁹ Amended at the AGM of 31st March 2016.

PART II

The following regulations have been passed by the Board of Directors of the Company pursuant to Section 2 of Article XIX of the Company's Articles of Association:

PRE- SALE REGULATIONS

- 11 The Board shall arrange dates and times for holding auctions.
- 12 The Association will hold two types of auctions as detailed below:
 - a) Teas for Category A auctions should be in a Mombasa Warehouse two working days prior to the sale and the pre-auction samples must be delivered to the Broker as described under Rule 26.
 - b) Teas appearing in a Category B auction must be in a Mombasa Warehouse by 1200h noon on the day of the sale and the actual invoice sample is to be delivered to the Broker by 1500h on the Wednesday and distributed to the Buyers by 1200h noon on the Thursday before the sale.
- 13 The Producer Member must ensure that the markings on all T-Paks/Polybags are in accordance to the Factory Dispatch Note before loading the consignment. The weight on the Factory Dispatch Note should not exceed the total net weight.
At the time of loading the Producer Member's Transporter must verify tea quantities and weights. Any discrepancy must be reported to the Producer Member and endorsed on the Factory Dispatch Note by both parties.
- 14 The Producer Member's Warehouse shall weigh-in each pallet 100% on arrival of the consignment at a Mombasa Warehouse. Any discrepancy between the Factory Dispatch Note and such checked weight shall be endorsed on the Transporter's Delivery Note by both parties.
- 15 Such Tea Weight Note shall indicate the individual pallet tea weight, including any excess/short weight. This Tea Weight Note shall become the basis of the catalogued weight but it shall not exceed the weight indicated on the packaging.
- 16 The Producer Member's Warehouse shall issue a Tea Weight Note, which will accompany the pre-auction sample that is to be delivered to the Broker Member by noon on the Friday in the week of closing. In the case of teas being catalogued whilst in transit, the Factory Dispatch Note weight is to be used and the Producer Member must ensure that the pre-auction sample is with the Broker Member by noon on the Friday in the week of closing.
- 17 Full details of teas submitted for sale in the Association's Auction such as the factory marks, grade, package type, number of packages and weight details shall be in the Broker Member's hands by Thursday 1700h East African time, normally sixteen calendar days prior to the actual date of sale or any alternative day announced by the East African Tea Trade Association.
- 18 The catalogues shall close on a Thursday at 1700h in the week of closing and the Closing Catalogue is to be released to the Members and the Secretariat by noon on that Friday.
The Broker Members are to submit their auction closing quantities to the Broker Chairman not later than Friday noon.
The Secretariat will upload all the Closing Catalogues onto the Association's website by close of business on the Friday in the week of closing.
- 19 All teas packed in paper sacks, shall be palletized on a regulation pallet or slip sheet vibrated and stacked to give the required dimensions for containerization and finished to the minimum standards approved by the tea industry. Poly bags will not be palletized and must comply with the minimum standards as approved by the Board from time to time.

- 20 Any teas packed in Non-Standard Packing shall be identified as such on the Factory Invoice and in the catalogue. The definition of 'Standard' shall be as determined by the Board from time to time. Such teas shall be palletised to conform to Rule 19 at the request and cost to the Buyer.
- 21 Tea should be in a Mombasa Warehouse before the weekend prior to the sale subject to Rule 12 (b).
- 22 Teas printed for auction may not be withdrawn for any reason by the Producer Member and shall not be the subject of any 'lien' by the Producer Member's Warehouse and are therefore free of all encumbrances. Only reprinted teas, teas unfit for human consumption, teas subject to Police inquiries or teas that have not arrived at a warehouse for a valid reason the weekend prior to the sale may be withdrawn. Non compliance will incur a penalty of 5% of the market value payable to the Association's Claims Account by the offending party. Payment of the penalty does not absolve the offending party from his obligations under the Rules of the Association.
- 23 All teas must be offered, "Factory Bulked" and under estates' marks. Second hand teas may only be offered for sale on condition that they are described as being "on account of the concerned" having in the first instance been purchased through Mombasa Auction within the previous six months, and in its original factory packaging.
- 24 Damaged teas may not be offered for sale unless they are described as "with all faults and at Buyer's risk." Re-packed teas and short weights should be indicated on the Broker Member's Sale Catalogues.
- 25 The Board will delegate to the Tea Brokers' Association the reviewing of the weight and distribution of samples to Buyer Members on a quarterly basis.
- a) A 4kgs representative sample shall be drawn at the factory from each invoice at the time of packing for onward dispatch to the Broker Member.
 - b) For teas not sampled in the Factory, or reprinted teas, the selling Broker Member shall arrange for a 4kgs sample to be drawn from four different packages of each invoice but not more than 1kg shall be drawn from any one package.
 - c) The actual 4kg pre-auction samples must be delivered to the Broker Member by noon on the Friday of the week of closing and are then to be delivered to the Buyer Member's sales rooms by close of business on Monday following the Friday closing.
 - d) Selling Broker Members may exhibit samples of tea for sale wherever they consider necessary in Africa.
 - e) ~~A charge per lot as laid down by the Board from time to time will be paid to the Broker Member by the Producer Member to defray cataloguing and sampling charges.~~¹⁰
 - f) In respect to secondary grades sample of 2 kgs shall apply.
- 26 All teas printed for sale at the Auctions are offered and sold in accordance with respective Government Legislation.
- 27 The Broker Members are to email a copy of their Sale Catalogue to the Members and the Secretariat the Friday prior to the Auction, by 1200h noon. This catalogue will be treated as the final catalogue before the auction and will include the valuations and any corrections which may have arisen since the catalogue was closed. Any corrections made should be highlighted.
- a) The Secretariat will upload all Broker Member(s) Sale Catalogues by close of business the Friday prior to the sale.
 - b) An encrypted copy, of the same Sale Catalogue is to be forwarded simultaneously to the Bank(s) who will upload all the Broker Member(s) catalogues on to the Electronic Bill Board by close of business on the Friday prior to the Sale.
 - c) Details of reprinted teas which are withdrawn after the Sale Catalogue has been released are to be forwarded to the Members and the Secretariat before the actual sale and simultaneously an encrypted copy to the Bank(s).

¹⁰ Deleted at the Board meeting of 22nd July 2016.

PART III

The following regulations have been passed by the Board of Directors of the Company pursuant to Section 2 of Article XIX of the Company's Articles of Association:

SALE REGULATIONS

- 28 The sale is held under and subject to the Rules of the Association and will be upheld by the Broker Member who would be selling at that period in time.
- 29 Teas are either sold to the highest bidder in the Auction Room or remain unsold by the Broker Member at their discretion but subject to the provisions of Rule 22.
- 30 Teas unsold during the Auction may be subsequently sold by the Broker Member concerned after the Auction, as an outlot, at a price acceptable to the Producer Member.
- 31 A sale shall be completed at the fall of the hammer and the next lot shall be up for auction immediately after the fall of the hammer. If the previous lot remains unsold, the next lot is not up for auction until the lot number is announced by the Broker Member.
- 32 Bidding at the Auctions shall advance by not less than two US Dollar Cents on all teas and the bidder should be clear and audible.
- 33 The highest bidder will be the purchaser. Any dispute that may arise shall be settled by the Broker Member, whose decision shall be final.
- 34 For CTC Main Grades, the minimum quantity of packages for a lot will be 40, and for Secondary Grades, the minimum quantity of packages for a lot will be 20. For a PF1/ PD lot there will be no division for 40 packages, however, lots of 60 packages can be divided between two Buyers and lots of 80 packages or more, among three Buyers.
- 35 For teas other than CTC manufacture the minimum quantity of packages for a lot will be determined by the Board from time to time.
- 36 The division of a lot is the prerogative of the bidder and the bidder must announce the division clearly and promptly.
- 37 Broker Member purchasing in the Auction on behalf of a Buyer Member or Packer Member must declare the name of that Member before bidding or before the fall of the hammer.
- 38 Buyer Members purchasing in Auction through another Buyer Member must advise the Broker Association in writing at least three working days before the Auction.
- 39 A mistake in bidding on any lot must be notified to the Broker Member before the cessation of bidding on the three subsequent lots, and in such event the Broker Member shall be entitled, if he thinks fit, to re-offer the lot for sale; otherwise the sale shall be binding.
- 40 The Selling Broker Member has the sole discretion to demand from any Buyer Member a deposit at any time either prior to or after the Auction.
- 41 All participants in the Auction should exhibit professionalism in the transaction of their business.
- 42 The Board will put in place a Disaster Recovery Plan (Appendix F) specifically for the safety and security for the auction centre.

PART IV

The following regulations have been passed by the Board of Directors of the Company pursuant to Section 2 of Article XIX of the Company's Articles of Association:

POST-SALE REGULATIONS

- 43 On conclusion of the auction, the Broker Members are to complete their auction documentation and other responsibilities within specified deadlines:-
- a) Complete a Post Catalogue, in digital format and email the same to the Members and to the Secretariat by 1000h the following day of the sale.
 - b) Compile invoice(s) and email to the respective Buyer Members. Such invoices should specify whether the Producer Member is a participating or non-Participating Member of the Tea Sales Collection Account.
 - c) The Secondary Auction's invoices are to be forwarded by 1500h of the day of the sale and the Main Auction's invoices by 1000h following the day of the sale.
Encrypted invoices are to be sent simultaneously to the Bank(s) who will upload such data on to the Electronic Bill Board by close of business on the day of receipt.
 - d) Compile the Sales Advices and forward the same to the respective Producer Members by 1000h on the day following the sale and encrypted copies to the Bank(s) also by the same deadline.
 - e) In the case of the sale of outlots, the Broker Member is required to forward the invoice to the respective Buyer Member and an encrypted copy of the invoice to the Bank(s) by close of business of the day of sale.
 - f) Purchase samples amounting to a maximum of 300grams will be distributed equitably amongst respective Buyer Members and delivered to the Buyer Members by close of business the day following the auction.
- 44 Buyer Members shall pay for all the lots purchased, per the Broker Member invoice in US Dollars into the Tea Sales Collection Account before close of business on the ninth working day from the date of the Main Grade Sale contract which shall be Prompt Date. Such payments should provide relevant information such as the Sale Number and Broker.
- 45 Should payment not be made as specified under Rule 44 the Broker Member shall immediately advise, in writing, both the Producer Member and the Secretariat that such a Buyer Member has defaulted and the Buyer Member so defaulting shall become liable to the following penalties:
- a) After 1700h on the Prompt Date a fee based on the prevailing bank interest rate plus 0.3% on the outstanding amount will be charged for each subsequent day upto the fourth day after prompt when final settlement has been made to the Tea Sales Collection Account and the penalty dues to the Producer Member.
 - b) Should payment and penalty not be received by 1700h on the third calendar day following the Prompt Date the Secretariat will communicate such, to the defaulting Buyer Member that they have been immediately barred from all trading activities with the membership for a period of four weeks. The Buyer Member is entitled to recommence purchasing immediately upon payment of the outstanding amount and penalty. This communication will be circulated to the Broker Member and the Membership.
 - c) For such teas that payment has not been received, the Broker Member upon consultation with the Producer Member will notify the Buyer Member in writing that they will re-sell the teas either by Private Treaty or that tea will be reprinted in the Closing Catalogue for that week's closing and that the teas will be treated as 'on the account of the concerned'.
 - d) The Buyer Member shall be liable for any loss, or any other charges, resulting from the re-sale of such teas and any gain will be for the Producer Member's account if they are a Participating Producer Member of the Tea Sales Collection Account. In the case of a non-Participating Producer Member to the Tea Sales Collection Account any gain will be for the Broker Member's account.
 - e) The defaulting Buyer Member will be liable for disciplinary action in pursuant of Section 24 and Section 25 of Article II should settlement of any loss resulting from such re-sale is not effected on or before the termination of a period of one month.
 - f) Once a Buyer Member is entitled to recommence purchasing in the Auction they must pay a deposit into the Secretariat's account, of an amount agreed between Brokers' Association and the Buyer Member, before further purchases of tea are made. New Buyer

Members are required to deposit 25% of the estimated value in US Dollars of their intended purchases prior to the date of buying in any one week to the Secretariat, payable in US Dollars.

- 46 Based on the Service Level Agreement between the Bank(s) and the Members, the sales proceeds being credited into the Tea Sales Collection Account(s), for the Participating Producer Members, will:
- a) Have all relevant encrypted information uploaded onto the Electronic Bill Boards by the Bank(s).
 - b) The Broker Member, Buyer Member and Warehouse Member related to that particular sale will be notified by the Bank(s) within fifteen minutes, through email on sighting of the payment into the Tea Sales Collection Account(s).
 - c) The Producer Member, Broker Member, Buyer Member and Warehouse Member will receive a Tea Release Document from the Bank(s).
 - d) The Producer and Broker Members will receive funds, within twenty-four hours out of the Tea Sales Collection Account(s). The Bank(s) will avail daily, on the Electronic Bill Boards, the reconciled Sales Accounts for all Members.
 - e) All sales transactions to which payment has not been received will be made available by the Bank(s) on the Electronic Bill Board(s).
 - f) Usage of the system(s) or the Electronic Bill Board(s) will incur no cost or fees payable by the Secretariat or the Members as undertaken by the Bank(s).
 - g) To pay up to a minimum of USD 15,000 to the Producer Member's account, the value less charges, on all proceeds received by them by 1200h noon on the Friday following the auction. Such funds are to be credited to the Producer Member's account by close of business on the following prompt date.
 - h) The disbursement formula of the proceeds paid by Buyer Members into the Tea Sales Collection Account should not be changed without the written authority of Producer Members.
 - i) All claims shall be settled within seven days.
- 47 Based on the Service Level Agreement between the Bank(s) and EATTA, the sales proceeds being credited into the Tea Sales Collection(s) Account, for the non-Participating Producer Members:
- a) Have all relevant encrypted information will be uploaded onto the Electronic Bill Board(s) by the Bank(s).
 - b) After reconciling the Buyers' payments the Bank(s) will convey electronically a copy of the deposit slip to the Broker Member.
 - c) On receipt of payment into the Tea Sales Collection Account(s) the Bank(s) will disburse the funds immediately into the relevant Broker Member's Account.
 - d) The reconciled Sales Accounts will be made available daily on the Electronic Bill Board(s) for all Members by the Bank(s).
 - e) All sales transactions to which payment has not been made will be made available by the Bank(s) on the Electronic Bill Board(s).
 - f) Usage of the system or the Electronic Bill Board(s) will incur no cost or fees payable by the Secretariat or the Members as undertaken by the Bank(s).
- 48 In the case of sales proceeds for the non-Participating Producer Members the Broker Member will undertake:
- a) To pay up to a minimum of USD 15,000 to the Producer Member's account the value less charges on all proceeds received by them by 1200h noon on the Friday following the auction. Such funds are to be credited to the Producer Member's account by close of business on the following prompt date.
 - b) The value less charges on the balance will be paid to the Producer Member not later than 1400h on the Prompt Date.
 - c) If payment is not made on the Prompt Date, the onus is on the Producer Member to report the matter immediately to the Secretariat.
 - d) The Broker Member so defaulting shall pay to the Producer Member interest at the prevailing Commercial Banks' Rates.
 - e) As a Guaranteed Broker, should a Buyer Member default on the Prompt Date the Broker Member will guarantee payment, in full, to the non-Participating Member in respect of all consignments of tea sold either privately or through the auction.

- 49 In the case of a total system failure or cessation of the Tea Sales Collection Systems, the Board will invoke a contingency plan.
- 50 After proof of payment into Tea Sales Collection Account(s) the Broker Member will print-out the applicable Tea Release Document and attach the relevant signed original Delivery Orders in preparation for collection by the Buyer Member.
- 51 The Warehouse Member shall make available, serviceable weighing facilities during the delivery of tea. Where such facilities are not available, it is incumbent upon the Warehouse Member to accept the facilities available at the Buyer Member's Warehouse. Should the Buyer Member not have the facilities any claims will be invalidated.
- 52 When teas are collected from the Warehouse, the Buyer Member should present the Delivery Order and the Tea Release Document which is to be matched by the Warehouse Member before weighing all teas 100% in the presence of the Buyer Member/Transporter.
- 53 Should there be any weight discrepancy in the consignment it should be endorsed on the relevant documentation and signed by both parties and the Buyer Member should notify the Broker Member of such a short-weight and attach the documentary proof to the claim. No claim for any short weights will be entertained unless this documentary proof is made available to the Broker Member.
Where supporting documents are irrefutable, claims may not be contested by the Producer Member.
- 54 No claims for short weight will be admissible unless such short weights exceed five kilograms for each 20 package lot.
- 55 The delivery of warehouse warrants or other documents of title to the tea by the selling Broker Member to the Buyer Member shall be deemed to be the transfer of tea to the Buyer Member. If payment is made by cheque, delivery shall be withheld until the cheque is cleared.
- 56 For the purpose of these Rules a sale of tea shall be deemed to have taken place if the title to the tea passed from one person to another in Africa.
- 57 The physical transfer of tea by the selling Broker Member to the Buyer Member shall be deemed to have taken place only after collection of the tea by the Buyer Member within the free storage period after the prompt date.
- 58 In the case of loss from flood, fire or Act of God, strikes, riots or civil commotion and/or acts and operations of war, civil war, invasion, act of foreign enemy, mutiny/ military rising, insurrection, rebellion, revolution or similar happening occurring previous to Prompt Date or delivery to the Buyer Member in accordance with Rule 55, whichever may first occur, the contract for such portion of the goods shall be void, and no claim whatsoever shall be permissible for any loss so caused.
- 59 In the case of delivery being prevented by any of the aforementioned perils, arrangements may be made between the Buyer Member and the Producer Member for an extension of the delivery period up to a maximum of fourteen days, after which the contract shall be deemed void if delivery is still not obtainable. The contract may also by mutual arrangement between the Buyer Member and the Producer Member be cancelled if delivery is not obtainable on Prompt Date.
- 60 In case of an extended delivery period under the above conditions, the warehouse charges to be for the account of the Producer Member, but the goods to be at the sole risk of the Buyer Member after 1700h East African time on the Prompt Date.
- 61 All Warehouse rent and "in" and "out" charges accrued up to Prompt Date are for the Producer Member's account. Thereafter only "out" charges will be met by the Producer Member with all additional rent and other charges being for the Buyer Member's account.
- 62 Five working days, excluding Saturdays rent free period shall be allowed after prompt date to allow the Buyer Member to arrange and collect teas on dates and times mutually agreed between the Warehouse Member and the Buyer Member.

- 63 Teas will be at Producer Member's risk until 1700h East African time on Prompt Date or until delivery to the Buyer Member in accordance with Rules 55 and 56. The teas shall thereafter be at the sole risk of the Buyer Member.
- 64 Should there be a claim on quality; the Buyer Member is to notify the Broker Member within fourteen days of collection and to submit a written claim to the Broker Member within thirty days of the sale and prior to any change of status of the tea sold.
- 65 Any dispute or difference which may arise, failing amicable settlement, shall be referred to two arbitrators, one to be chosen by each disputant, from a panel selected by the Association. Such Arbitrators shall appoint an umpire from the same panel in case of disagreement between them. The daily fee payable shall be US Dollar 250 to each arbitrator and US Dollars 300 to the umpire and shall be deposited by the party claiming arbitration an amount not exceeding seven days. The decision as to who shall bear the cost as a result of arbitration shall be made by the arbitrators or, if any umpire is called upon, the umpire, and included in their award.

PART V

The following regulations have been passed by the Board of Directors of the Company pursuant to Section 2 of Article XIX of the Company's Articles of Association:

PRIVATE TREATY

- 66 All sales of tea by Private Treaty undertaken by a Broker Member must be the subject of a contract passed by the Broker Member concerned. All such contracts shall be in accordance with the relevant Rules of the Association as made from time to time.
- 67 In the case of contracts between members which are concluded on any other than "Ex-Warehouse" and which do not bear a Prompt Date, no claim for difference in quality of the tea or teas actually delivered under the contract will be entertained unless notified in writing to the seller Member within twelve full working days of the date on which the purchase samples of the delivery in question was received by the Buyer Member of the East African Tea Trade Association. In all other respects where they are applicable the relevant provisions of Part I, II, III, and VI shall govern all sales by Private Treaty.

PART VI

The following code of conduct has been passed by the Board of Directors of the Company pursuant to the provisions of Article IX (xii) of the Company's Articles of Association:

All Members shall observe and adhere to the EATTA Principles, Ethics and Code of Conduct and in that regard each Member shall sign a Certificate of Acceptance in the form prescribed under Appendix G herein and return the same to the Office. Failure to sign and return the Certificate of Acceptance may lead to suspension of a Member's Membership or, in the case of applicants for Membership, rejection of their application.

PRINCIPLES, CODE OF CONDUCT AND ETHICS

68 The East Africa Tea Trade Association (“EATTA”) Principles, Code of Conduct and Ethics set out below is a commitment that is made by all of its Members to pursue their business activities in full compliance with all laws and to uphold the highest ethical, transparent and professional standards, treating all our partners with integrity thus earning the trust of our customers, business partners, suppliers, Government and the community in general. These core values govern our operations and what we stand for and by observing the letter and the spirit of this Code we are affirming our source of pride as Members of the EATTA.

a) Compliance with the Code of Conduct and EATTA Regulations

These EATTA Principles, Code of Conduct Ethics (the “Code”) and the EATTA General Trading Rules and EATTA Trading Regulations are supported by the Board and are set to assure all industry stakeholders that they are bound by this Code and the Rules and confirm that business will be conducted with integrity.

All Members therefore should understand and familiarise themselves with the EATTA General Trading Rules and EATTA Trading Regulations and Members have an obligation to follow the standards of this Code and requirements therein.

b) Honest and Ethical Conduct

Each Member of the EATTA will maintain a high standard of conduct and character in both their professional and personal interests and will act honestly and ethically and will not be party to any illegal or improper activities. Members will ensure that those who work with them uphold the same standards through dialogue and training.

c) Compliance with Government Laws, Rules and Regulations

All Members of the EATTA are committed to full compliance with all Government laws, rules and regulations that may apply to their activities.

Any illegal activity, including fraud and corrupt practices is strictly forbidden and if proven will result in immediate cancellation of membership and notification to the relevant authorities and all parties concerned.

d) Conflicts of Interest

A conflict of interest arises when a Member's personal interest interferes with the interests of the EATTA and thus making it difficult for such a Member to perform their duties objectively and effectively.

Members are requested not to use their positions or other means to obtain any improper personal benefit for themselves, for their families, or for any other person.

Members must declare to the EATTA Board in writing that they have no conflict of interests. Any concerns as to possible conflicts should be declared in writing to the EATTA Board for consideration.

e) Internal Reporting of Concerns

All Members are encouraged to forward their concerns of any knowledge of a potential suspected or actual violation of this Code to the Board of the EATTA. Failure to do so is itself a violation of the Code.

Such concerns will be investigated confidentially and the EATTA will under no circumstances tolerate any form of retaliation or discrimination against any such Member.

f) Enforcement

The Board will oversee the administration of this Code and will respond promptly and professionally to any submissions or allegations that may be forwarded by its Members.

The Board will convene a meeting within five working days to review any reported violation and will liaise with the appropriate Sub-Association(s).

Deliberations of these meetings will be minuted and shared with the appropriate Sub-Association(s) and the Board will take appropriate action.

g) Certificate of Compliance

This Code makes clear the adherence to the law and ethical behaviour. However, compliance requires a commitment by each Member who must satisfy this pledge as it will signal the Member's commitment to act in accordance with the Code. All Members must therefore sign and return to the Company a Certificate of Acceptance in the form prescribed under Appendix G of the EATTA Rule Book.



EAST AFRICAN TEA TRADE ASSOCIATION

Tea Trade Centre, Nyerere Avenue , P.O. Box 85174 - 80100, Mombasa, KENYA
Tel: 254 41 2228460/2220093, Fax: 254 41 2225823, Cell: 0722-208699, 0733-208700

Appendix 'A'

FORM OF PROXY (In accordance with Article VI Section 5)

I/We.....
(NAME OF MEMBER)

.....
hereby appoint

a)
.....

b) or failing him.....
.....

c) or failing him the Chairman of the meeting to be my proxy to vote in such manner as he, the said proxy, shall think proper on any question which shall be proposed at the Meeting of the said East African Tea Trade Association, to be held at:

.....

on.....or at any adjournment/s thereof.

In witness whereof I have hereunto set my hand this.....

day of.....

.....

Signature of Member:

Designation of Person Signing:



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Appendix 'B'

REGISTERED

(In accordance with Article XVII Sections 1, 2 and 3)

..... Date.....
.....
.....

Dear Sir,

OUTSTANDING ACCOUNT - FIRST REMINDER

According to our records, we have not received your remittance for Kshsin
respect of our Debit Note No.....dated..... (Copy
enclosed).

We should be grateful to receive your payment at your earliest convenience. In case you have
any queries please communicate with us as soon as possible.

Yours faithfully,
EAST AFRICAN TEA TRADE ASSOCIATION



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Appendix 'C'

REGISTERED

(In accordance with Article XVII Sections 1, 2 and 3)

..... Date

.....

.....

Dear Sir

OUTSTANDING ACCOUNT - FINAL REMINDER

With reference to our letter dated..... which was sent to you by registered post.
We regret that we still have not received payment of your outstanding account amounting to KShs
..... Please be informed that unless payment is received **WITHIN TWENTY
DAYS** from the date of this letter, we will have no option but to report you to the Board for expulsion
in accordance with Article II Section 24.

Yours faithfully,
EAST AFRICAN TEA TRADE ASSOCIATION



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Appendix E

ANNUAL FINANCIAL RETURN

Broker Member:..... Period Covered:.....

1) SALES: Tea Sold

	Kilograms	Value (USD)	Average Price (USD)
Auction Sales			
Private Sales			
Total			

2) Financial Statements

Broker members to submit financial statements filed annually with both Kenya Revenue Authority and the Registrar of Companies.

3) Certification

We confirm that the information contained above is a true record of our dealings and are in agreement with our financial records and other Company data.

Name of Director:

Company Auditor:.....



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Appendix F

DISASTER RECOVERY PLAN

The disaster recovery plan will address the following issues:

- 1. Systems**
 - a. Secretariat ICT systems
 - b. Tea Collection Account Payment Systems

- 2. Natural Disasters**
 - a. Earthquake
 - b. Floods

- 3. Physical Security**
 - a. Fires
 - b. Chemical
 - c. Food poisoning

- 4. Acts of Terrorism**
 - a. Food poisoning
 - b. Hostages

- 5. Product withdrawal and recall**

- 6. Recovery plans**

- 7. Continuous improvement on the recovery plans**

This is a large and sensitive document that will be available to the Members, on request, from the Secretariat.



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Appendix G

CERTIFICATE OF ACCEPTANCE

(In accordance with Section 18 of Article II)

We, *(Name of Member)* certify that we have read the Code of Conduct and understand that we must adhere to its standards of conduct and report promptly any action that appears inconsistent with these standards and hereby undertake to ensure at all times that any and all our employees, directors and shareholders adhere to the Code of Conduct.

NAME :

SIGNATURE :

DESIGNATION
OF PERSON
SIGNING :

COMPANY :

COMPANY
STAMP :

DATE :