

MANUAL OF OPERATION
for NFA'S
ENHANCED ELECTRONIC TRADING
SYSTEM FOR CORN



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ACRONYMS

AAP	- Authority to Accept Payment
ACES	- Agricultural Commodity Exchange System
AI	- Authority to Issue
CEx	- Central Corn Exchange Center
CPD	- Corporate Planning Division
CPF	- Corporate Procurement Fund
CPMSD	- Corporate Planning and Management Services Department
DDW	- Designated Depository Warehouse
DEx	- Designated Corn Exchange Center
DTBFM	- Department for Treasury, Budget and Fund Management
DWW	- Designated Withdrawal Warehouse
EETS	- Enhanced Electronic Trading System
ESI	- Empty Sack Issuance
FOBB	- Farmers Option to Buy Back
FO/FC	- Farmers Organization/Farmers Cooperative
GATT-WTO	- General Agreement on Tariffs and Trade and of the World Trade Organization
GID	- Grains Infrastructure Department
GMOD	- Grains Marketing Operations Department
ISDD	- Information Systems Development Division
ISO	- Industry Services Officers
MC	- Moisture Content
MRSD	- Marketing Research and Statistics Division
MTS	- Empty Sack
NCR	- National Capital Region
NFA	- National Food Authority
NPGC	- Northern Philippines Grains Complex
OR	- Official Receipt
PEx	- Provincial Corn Exchange Center
RCA	- Rice Collection Account
SMS	- Short Messaging Service
SOP	- Standard Operating Procedures
TRSD	- Technical Research and Services Department
WSR	- Warehouse Stock Receipt

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LIST OF EXHIBITS

- Exhibit 1** - S.O. for the Project Steering Committee (PSC)
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- Exhibit 2** - Implementing Guidelines for the Enhanced Electronic Trading System – Farmers Option to Buy Back (EETS-FOBB) Program for Corn
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- Exhibit 13** - EETS for Corn Weekly Status Report



MANUAL OF OPERATION FOR NFA'S ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN

I. TERMS OF REFERENCE

A. Background

The Philippines, with its geographic location, (composed of more than 7,100 islands) coupled with its underdeveloped/poor transport infrastructure and problems on peace and order situation, makes movement/marketing of agricultural produce difficult and expensive.

Development in communication system (satellite/internet facilities/cellphone, etc.), hopefully could bring some relief to farmers/producers, traders/buyers and consumers, as information is made available for everyone to access.

During the Workshop held last February 26-27, 2009 at Sulo Hotel in Quezon City where various stakeholders representatives attended, it was unanimously endorsed to establish an Agricultural Commodity Exchange System (ACES) to support farmers, directly or indirectly, to attain better income opportunities by providing market information updates, to promote more efficient system of post-harvest, processing and marketing, and to educate farmers in the workings of the market thus, preparing them for the realities of global competition brought about by impending implementation in 2010 of the ASEAN Free Trade Agreement wherein tariffs for agricultural commodities will be set at the maximum of 5% and the opening of the country's agricultural market to the world under the General Agreement on Tariff and Trade of the World Trade Organization (GATT-WTO).

It was likewise, agreed during the meeting that the ACES must be spearheaded by the private sector. However, it was recognized that government intervention/participation in some key areas, like logistics support (communication services, office space, etc.) and manpower resources may still be necessary, at least in the initial stages. At the onset of its operation, ACES may limit itself to an electronic trading system for corn which could be piloted in four (4) Main-designated depository and withdrawal sites.

A similar project called the e-TRADE Project for corn was launched by The National Food Authority (NFA) in 2001. The project got its full support from the Agency. Communication facilities, thru the NFA's Wide Area Network (WAN), logistics - warehouses, transport and manpower resources, and even a revolving corn inventory support available at the NFA National Capital Region (NCR) as buffer stock for immediate release to buyers was provided by NFA.

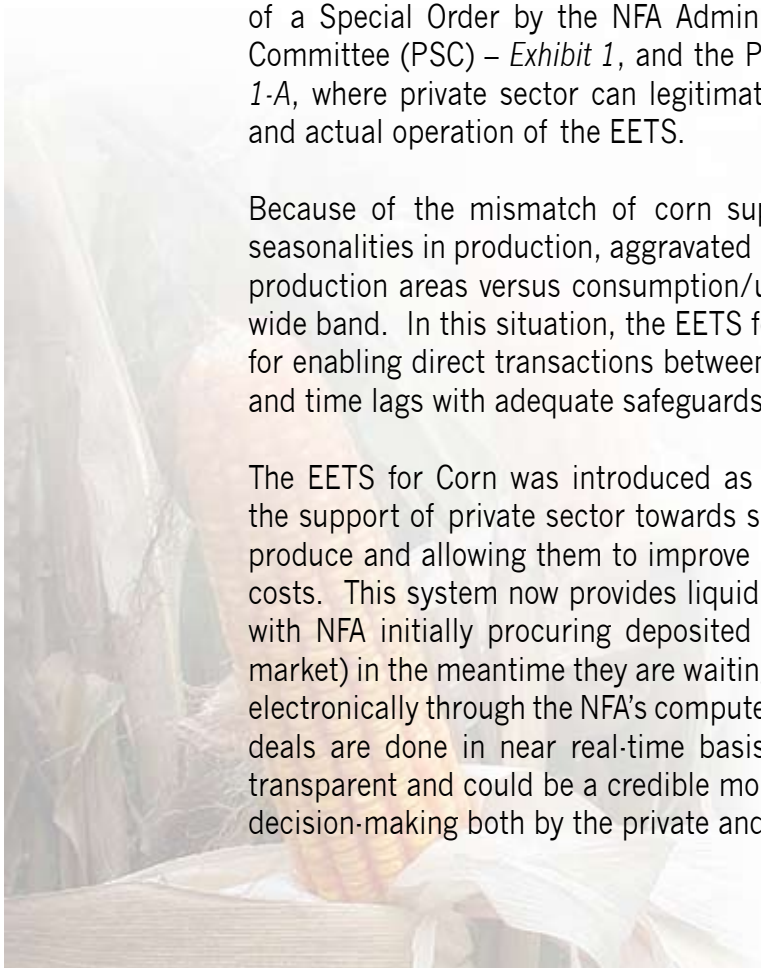
However, the E-Trade Project lacked a financial support mechanism for farmers. While corn stocks were deposited by farmers to be traded by the Project, farmers had to wait to be paid until the corn was sold by the Project. The long wait forced farmers to withdraw their stocks and sell the stocks to buyers willing to pay them upon receipt of the produce. Also, the NFA e-TRADE was totally run/managed by the Government thru the NFA, hence it lacked the flexibility sought by private sector participants.

For these reasons, the proposed Enhanced Electronic Trading System (EETS) for Corn will have to consider the recommendations of the Sulo Hotel Workshop. The recommendations include among others – operations of the system must be spearheaded by the private sector and buy at a price realistic enough to reflect the true cost of production and the supply-demand situation in the market. The system must also sell/trade the commodity similar to market conditions to avoid distortions in the marketing of the produce.

Furthermore, private sector participation will be strengthened with the issuance of a Special Order by the NFA Administrator, establishing the Project Steering Committee (PSC) – *Exhibit 1*, and the Project Management Office (PMO) – *Exhibit 1-A*, where private sector can legitimately participate in both policy formulation and actual operation of the EETS.

Because of the mismatch of corn supply with demand in the country due to seasonalities in production, aggravated by the differences in location between corn production areas versus consumption/user areas, prices of corn fluctuate over a wide band. In this situation, the EETS for Corn appears to be a workable initiative for enabling direct transactions between buyers and small sellers at minimal cost and time lags with adequate safeguards against contract defaults.

The EETS for Corn was introduced as an initial project of the government with the support of private sector towards supporting corn farmers in marketing their produce and allowing them to improve income through less marketing layers and costs. This system now provides liquidity mechanism to accredited corn farmers with NFA initially procuring deposited stocks at pre-determined price (close to market) in the meantime they are waiting for a buyer. Bids can now be transmitted electronically through the NFA's computer system via the internet and transactions/deals are done in near real-time basis. Finally, the electronic system is more transparent and could be a credible monitor of price and market trends for use in decision-making both by the private and government sectors.



B. Objectives

1. To provide corn buyers and sellers with alternative sources and markets of corn, respectively giving them more opportunities to get better prices.
2. To allow corn producers/suppliers/sellers to transact with corn users/buyers through an electronic exchange system giving them wider choice on where to sell/source their corn.
3. To allow corn producers/suppliers/sellers to gain higher income through less marketing layers and costs.

C. Scope

The Manual of Operation shall cover policies and procedures on the Enhanced Electronic Trading System for Corn as follows:

1. Statement of general policies governing the proper and efficient implementation of the EETS;
2. Identification of the system components of EETS;
3. Defining the mechanics of operations and organization and management to ensure implementation efficiency;
4. Application and posting of seller's/buyer's price quotation at the sellers/buyers board;
5. Matching of sellers and buyers;
6. Deposit of stocks and payment to sellers;
7. Payment and withdrawal of stocks by buyers;
8. Pro-forma accounting journal entries and report requirements;
9. Responsibilities of Departments/Divisions/Field Offices; and
10. Financing support for EETS participants.





II. IMPLEMENTING GUIDELINES

A. Project Description

The Enhanced Electronic Trading System (EETS) for Corn is a web-based trading system that would provide commodity trading for buyers and sellers and information exchange and clearing house services through a network of trading centers linked electronically with each other through the internet.

The trading centers consisting of Designated Corn and Provincial Corn Exchange Centers (DEx/PEX) are linked together by the Central Corn Exchange Center (CEX) at NFA Central Office and shall cater initially to four (4) pilot areas namely: Isabela, National Capital Region (NCR), General Santos City, and Cagayan de Oro City. EETS project shall provide the mechanism or system that can help corn sellers link with their market at the right place and right time for better prices.

The EETS shall provide the venue for the corn sellers to have an alternative market for their supply and to have access to marketing data that will guide them in deriving the highest possible returns on their investments by making concrete data-based marketing decisions. In the same manner, corn buyers shall have direct access to available supply and price information on corn deposits of participating corn sellers and eventually fill their requirements.





B. Statement of Policies

1. Corn buyers who are willing to withdraw their stocks from the designated withdrawal sites and corn sellers who are willing to deposit their stocks at the designated depository sites are eligible to participate in this program. Corn sellers shall include NFA accredited farmers/farmers organizations, traders and other corn suppliers, while corn buyers shall include feed millers, processors, registered poultry and hog raisers, traders and other corn buyers.
2. Only corn buyers who have given the required commitment fee and sellers who have delivered their corn produce to the NFA depository warehouses and accomplished and signed an Offer to Buy Form and Offer to Sell Form, respectively, shall be eligible for posting of their respective bids or offers (buying or selling prices) at the designated Corn Exchange Center (DEx)/ Provincial Corn Exchange Center (PEx)/ Central Corn Exchange Center (CEX). **“A no deposit, no posting”**, and **“no commitment fee, no posting”** policy will be strictly followed. (Definition on DEx, PEx and CEX are presented in Section C, pages 13-16).
3. NFA's Farmers Option to Buy Back (FOBB) program shall complement the EETS. The NFA shall set a FOBB price valued at near market price level on a per semester basis which shall served as the buying price of NFA from farmers/FO's availing of the FOBB in the EETS. Please refer to Exhibit 2 for the EETS-FOBB Implementing Guidelines.
4. Initially, one standard of corn, which is Grade A shall be accepted for deposit under the program. The following quality specification shall apply:

Purity	=	96% min
Foreign Matter	=	4% max

INDIVIDUAL QUALITY PARAMETER:

Moisture Content (MC)	=	14% max
Corn of other color	=	5% max
Shrivelled & Immature	=	3% max
Damaged Kernels	=	5% max

Aflatoxin levels shall be determined on a case to case basis and testing fees to be charged to specific seller/buyer.

A minimum deposit of 5,000 kgs shall be required and a standard lot for corn shall be in multiples of 5,000 kgs.

5. Corn sellers shall deposit their stocks at NFA designated depository warehouses. Corn sellers, with the approval of NFA, may deposit their stocks at warehouses other than the designated depository warehouse. However, marketing cost covering transfer of stocks from that warehouse to the NFA designated depository warehouse shall be charged to the corn seller.
6. Corn deposits shall be subjected to shrinkage cost from time of deposit to time of withdrawal based on established standards. Shrinkage cost is 0.06% (6/100) and 0.36% (36/100) for the 1st and 2nd month, respectively. Any fraction of a month shall be considered as one (1) month.
7. Corn sellers shall be granted free storage up to a maximum 30 calendar days.
8. Corn sellers have the following options:
 - Change their offered price at maximum of once a day if they wish to;
 - Continue to deposit the corn up to a maximum of 60 days; and
 - Withdraw their deposited stocks anytime. If stocks are withdrawn within 30 days, the seller pays handling costs, if beyond 30 days the seller pays handling cost plus storage cost of P0.10/bag/day in excess of the 30 days free storage period.
9. Likewise, corn buyers have the following options:
 - Change their buying price at maximum of once a day if they wish to subject to corresponding adjustment in their commitment fee;
 - Commitment fee of buyer is payable to NFA immediately upon posting of order and upon finalization of buyer's price; and
 - Change their preferred withdrawal warehouse.
10. Changes in the sellers and buyers price shall be allowed only in multiples of P0.05 centavos per kg.
11. Marketing costs computed based on prevailing commercial rates are for the account of the buyer if stocks are withdrawn from warehouse other than the designated final withdrawal warehouse.

12. Withdrawal period shall be allowed a buyer depending on the volume purchased, to be reckoned on the date of the AI issued as follows:

100	-	5,000	bags (of 50 kg)	=	7	working days
5,001	-	10,000		=	15	working days
10,001	-	20,000		=	22	working days
20,001	-	50,000		=	30	working days

13. A buyer will be charged storage fee of P0.10/bag (of 50 kg.)/day for withdrawals beyond the allowable withdrawal period to cover warehouse rental, insurance premiums, cost of pesticides and cost of handling.
14. Transactions under the EETS shall be subject to the usual withholding tax which is 1% of the total value of stocks sold and shall be chargeable to the buyer. (Please refer to Annex A for the sample computations).
15. A service fee of $\frac{1}{2}$ of 1 percent shall be charged to the buyer for consummated transaction based on the total amount purchased net of withholding tax. The service fee shall be an amount over and above the bid price. (Please refer to Annex B for the sample computations). The same percentage of service fee shall be charged to Sellers.
16. The System shall operate Mondays to Fridays or five (5) days a week (except when holidays are declared) and four (4) hours each day (9:00 AM to 1:00 PM).

9:00	-	10:00	AM	=	1 st	posting for postings received 8:30 AM or earlier
10:01	-	11:00	AM	=	1 st	matching
11:01	-	12:00	NN	=	2 nd	posting for postings received between 8:31 AM to 10:30 AM
12:01	-	1:00	PM	=	2 nd	matching

17. At the seller's board, the prices that will be shown in the monitor shall be the offered selling price of the supplier, ex-designated depository sites.
18. At the buyer's board, the prices to be posted shall be the buyer's bidded price based on the buyer's preferred/designated withdrawal site DEx areas, namely: NCR, Cagayan de Oro City, Gen. Santos City and Isabela.
19. Guarantee features of the program:

The System shall guarantee issuance of stocks to buyer and payment to seller of matched transactions.

20. Security features shall be installed in the program wherein:

- The farmer/seller shall be informed thru Short Messaging Services (SMS) that his stocks have been matched.

- ❑ Confirmation feature for the seller/buyer in the form of PIN, will be required for any change/retraction of the price offered relayed thru SMS.
 - ❑ The seller/buyer shall provide his own PIN which shall be strictly identified with his cell/mobile phone number registered in the system.
21. Corn buyer shall pay the purchased stocks within 2 working days from the date the stocks were matched. The commitment fee shall form part of the total purchase price if the sale is consummated. However, this fee shall be forfeited once the buyer reneges on his purchase after being matched.
 22. Corn seller shall be paid by the NFA within four (4) working days from the date the stocks were matched.





C. Components

1. Central Corn Exchange Center (CEx)

The CEx is the Central EETS trading center where final decisions on EETS operations shall be made consistent with policies set by the PSC. The Head of the CEx shall seat as a member of the PSC. The CEx shall be located at the NFA Central Office, Grains Marketing Operations Department (GMOD), 4th Floor, SRA Building, North Avenue, Q.C. Specifically, the CEx shall perform the following functions, to wit:

- Accept application for registration from sellers/buyers who are interested to avail of the EETS;
- Accept price offers/bid from sellers/buyers;
- Undertake posting of application for registration and price offers/bid from sellers/buyers
- Accept stock for deposits at designated NCR depository warehouses;
- Issue stock for withdrawals at designated NCR withdrawal warehouses;
- Match the buyer's quoted price with the seller's offered price posted in the E-Trade Board;
- Immediately notify the buyer that his offer had been matched;
- Accept changes/revisions and acknowledge/confirm thru the PIN price offers/proposals from sellers/buyers submitted directly at the CEx or thru SMS for posting; and
- Designate satellite exchange centers where acceptance of price offers/proposals from sellers/buyers may be done.

The CEx shall maintain information updates on the following to be consolidated by the Market Research & Statistics Division (MRSD) of the Grains Marketing Operations Department (GMOD):

- ❑ Historical and prevailing farm, wholesale and retail prices ex-Manila and other major corn trading centers, nationwide;
- ❑ Historical and prevailing farm, wholesale and retail corn prices of participating source and other provinces, nationwide; and
- ❑ Available corn deposits in participating source provinces: depositor, volume, specifications, quoted buying price, other terms.

2. Designated Corn Exchange Center (DEx)

DEx are designated areas/provinces in specific regions directly supervised by concerned NFA Regional Manager, assisted or thru its Provincial Manager, who may endorse EETS matters/issues that would require approval of CEx. Specifically the DEx shall be established to provide the following services:

- ❑ Accept application for registration from sellers/buyers who are interested to avail of the EETS;
- ❑ Accept price offers/bid from prospective sellers and buyers who wish to avail of the program;
- ❑ Undertake posting of application for registration and price offers/bid from sellers/buyers;
- ❑ Accept stock for deposits at designated depository warehouses;

Designated Depository Warehouse (DDW)

Designated warehouses in the pilot provinces that will accept corn deposits for storage and dispersal are as follows:

<u>DEx</u>	<u>DDW</u>
● Isabela	: NPGC - Echague, Isabela
● General Santos City	: GID Whse., Gen. Santos City
● Cagayan de Oro City	: GID Whse., Baloy, Cagayan de Oro City
● NCR or CEx	: Sindalan Whse., San Fernando, Pampanga

- ❑ Issue stock for withdrawals at designated withdrawal warehouses;

Designated Withdrawal Warehouse (DWW)

NFA shall maintain a revolving stock inventory at designated warehouses for immediate issuance to buyers, as follows:

DEx

DDW

- Isabela : NPGC - Echague, Isabela
- General Santos City : GID Whse., Gen. Santos City
- Cagayan de Oro City : GID Whse., Baloy,
Cagayan de Oro City
- NCR or CEx : Sindalan Whse., San Fernando,
Pampanga

- Accept changes/revisions in price offers/proposals from sellers/buyers submitted directly at the DEx and those offers received from their respective PEx, for posting;
- Immediately notify the buyer that his offer had been matched;
- May designate satellite exchange centers where receipt of price offers/proposals from sellers/buyers may be done for posting at the DEx; and
- Provide the following information updates:
 - Offers/proposals of prospective buyers (preferred withdrawal location, volume requirements in bags and net kilos, buyer's quoted price);
 - Offers/proposals of corn sellers (volume of corn deposits in bags and net kilos and asking price);

The above information shall be posted in the EETS Board by the assigned Provincial personnel who shall man the Designated Corn Exchange Center.

3. Provincial Corn Exchange Center (PEx)

PEx are designated areas/provinces assigned to accept farmers' corn deposits and price offers by sellers and buyers. The PEx are not allowed to post prices. Rather, offers received must be forwarded to DEx for posting. Initially, the major corn producing provinces are designated as PEx. Eventually, however, all provinces accepting corn deposits will be designated as PEx. The PEx shall be directly under the supervision of the NFA Provincial Manager. Specifically, it shall provide the following services:

- Accept application for registration from sellers/buyers who are interested to avail of the EETS for posting at the DEx ;
- Accept price offers/bid from prospective sellers and buyers who wish to avail of the program. Offers/bids received will accordingly be transmitted via the fastest means of communication to DEx for posting;

- ❑ Accept stock for deposits at designated depository warehouses;
- ❑ May issue stock for withdrawals at designated withdrawal warehouses subject to NFA approval; and
- ❑ Accept changes/revisions in price offers/proposals from sellers/buyers submitted directly at the PEx for posting with DEx/CEX.

* Please refer to Annex C for the functions and responsibilities matrix of CEx, DEx & PEx

4. Corn Exchange Information System

A web enabled corn exchange information system shall be established and maintained to monitor and process information both at the sellers' end and at the buyers' end.

5. Mobile Phone Short Messaging Service (SMS)

A mobile phone communication system shall be established and maintained A mobile phone communication system shall be established and maintained to receive and process text messages regarding changes/adjustments/revisions on price bids/offers and stock volume requirements of sellers and buyers for posting on the sellers' board and/or buyers' board and for sending SMS on EETS price and trading information updates. The NFA shall maintain a dedicated cell/mobile phone number to specifically serve the communications requirement of EETS patrons.

To avail of the SMS services, EETS participants shall be required to register their cell/mobile phone number and six (6) digits numeric PIN for security purposes.





D. Mechanics of Operation

1. Data Flow Diagram

Please refer to the data flow diagram annexes as follows:

- Application and Posting of Sellers Price Quotation at the Sellers Board (*Annex D*)
- Application and Posting of Buyers Price Quotation at the Buyers Board (*Annex E*)
- Matching of Sellers and Buyers (*Annex F*)
- Payment and Withdrawal of Stocks (*Annex G*)
- Delisting of Seller in the Sellers Board (*Annex H*)

2. Matching Procedures

- a. The buyer with the highest bid price shall be the first to be matched. Once completed, the buyer with the next highest bid will be matched.
- b. In case price bids are not equally matched, the buyer's bid price shall be matched with the seller offering a lower price closest to the buyer's bid price. Basis for payment shall be the seller's quoted price.
- c. If the choice is between or among sellers offering the same price, the seller with the earlier posting of Offer to Sell shall be matched to the buyer.
- d. In the same manner, if the choice is between or among buyers with the same bid price, the buyer with the earlier posting of Bid to Buy shall be matched first to the seller. Basis for matching and payment shall be the sellers quoted price.
- e. The volume/quantity of a buyer or a seller can be matched partially or in full. Offers of buyers/sellers whose volume have not been fully matched shall remain open for trading to the extent of the balance and shall retain their priority ranking under the first come-first serve basis.

3. EETS Board

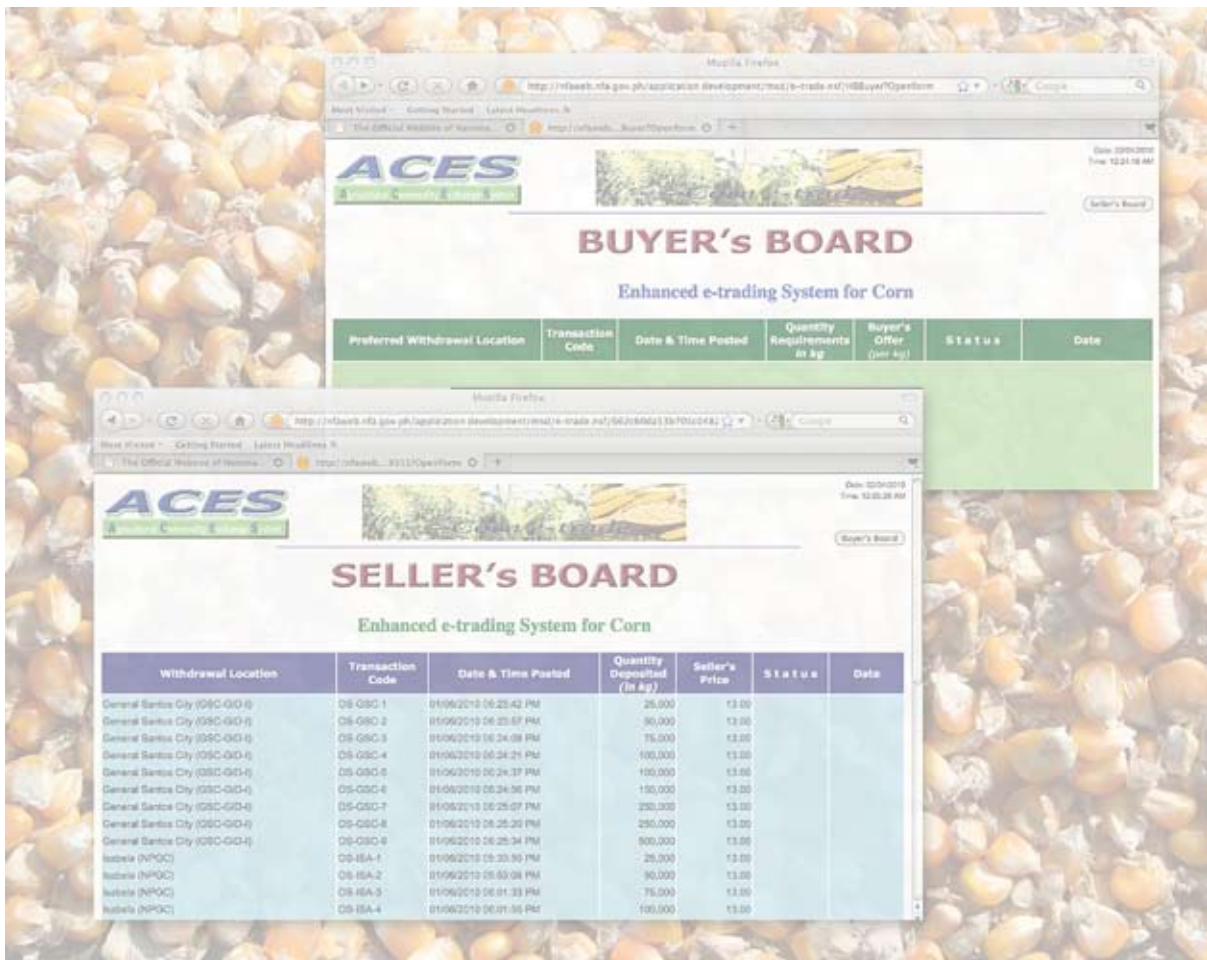
Data provided on the EETS board are as follows:

a. Sellers Board

- Withdrawal Location
- Transaction Number
- Quantity Deposited (in bags)
- Quantity Deposited (in kilograms)
- Seller's Price
- Status

b. Buyers Board

- Preferred Withdrawal Location
- Transaction Number
- Quantity Requirement (in bags)
- Quantity Requirement (in kilograms)
- Buyers Offer
- Status





E. Organization and Management

1. A Central Corn Exchange Center shall directly manage the Corn Exchange Center. It will be ably supported by staff coming from GMOD and CPMSD. GMOD shall be primarily responsible for the daily operation of the center.
2. The Grains Marketing Operations Department (GMOD) in coordination with the NFA Provincial Offices (depository warehouses) shall direct movement of required stocks from source province to NFA designated withdrawal warehouses, and shall make sure availability of warehouse space at participating production provinces.
3. Likewise, the Market Research and Statistic Division (MRSD) of GMOD shall handle the monitoring of market prices to be posted in the system. It shall also be in-charge of the review and updating of the computations of commercial dispersal cost from the source province to NFA withdrawal warehouse, and the storage fee in excess of the free storage.

Furthermore, MRSD shall be in-charge of the monitoring, review, and updating of FOBB prices which shall be valued at market price level on a per semester basis.

4. The Info Systems Development Division (ISDD) of the Corporate Planning and Management Services Department (CPMSD) shall be responsible for the configuration, setup, maintenance and provision of technical support on the telecommunications and computer hardware and software component of the system while the Corporate Planning Division (CPD) of the same department shall periodically assess the performance of the program, and plan expansion to include other implementation areas nationwide.
5. The Technical Research & Services Department (TRSD) shall be responsible for the updating and determination of applicable shrinkage allowance and the standard Empty Sack (MTS) weight to be used in the computation of the net weight of stocks.
6. The NFA Provincial Offices in the designated and participating provinces shall be responsible for the operation of the Designated Corn Exchange Centers (DEx) and Provincial Corn Exchange Centers (PEx). The concerned Provincial Operations Officer, Provincial Economist, and Industry Services Officers (ISOs) shall directly man the DEx and PEx headed/supervised by the concerned Provincial Manager.



F. Application

1. Sellers

- a. All interested individual corn farmers/Farmers' Organizations (FO)/ Farmers' Cooperatives (FC) and other corn suppliers can participate and sell stocks under the EETS project.
- b. To avail of the EETS program, the prospective seller depositor shall be required to register and accomplish the application form (*Exhibit 3*) which shall contain the seller's basic profile data. Prospective seller depositors may be allowed to register regardless of whether they have a ready stock for deposit or that their production is still to be harvested.
- c. The CEx/DEx/PEx shall evaluate the submitted application and recommend to the Head of the Exchange Center or Provincial Manager the approval/disapproval of the same.
- d. A profile data code shall be assigned to each participating seller using the following coding system:

CS-PPP-NNN

Where:	CS	=	Fix code
	PPP	=	province code (e.g. Bukidnon = BKN)
	NNN	=	assigned number (001; 002; etc.)

The profile data code assigned to a particular seller shall be permanent. As such, the code assigned to a seller who withdraws from the project shall be cancelled and cannot be re-assigned to another seller.

- e. The CEx/DEx/PEx, based on the approved application form, shall encode the seller's profile data on the sellers' database.

2. Buyers

- a. All interested corn users (feed millers, poultry and hog raisers, traders, other end-users) shall be allowed to participate and buy stocks under the EETS Project.

- b. The prospective buyer shall accomplish the application form (*Exhibit 4*) which shall contain the buyer's basic profile data. Prospective buyers may be allowed to register regardless of whether they have a ready need to buy stocks and make a bid or just in anticipation of an expected future requirement.
- c. The CEx/DEx/PEX shall evaluate the submitted application form and required documents. The CEx/DEx/PEX shall recommend to the Head of the Exchange Center or Provincial Manager the approval/disapproval of the application.
- d. Each participating buyer shall be assigned a buyer's profile data code using the following coding standards:

CB-PPP-NNN			
Where:	CB	=	Fix code
	PPP	=	province code (e.g. Bukidnon = BKN)
	NNN	=	assigned number (001; 002; etc.)

The buyer's profile data code, similar to the seller's profile data code, shall be permanent and cannot be re-assigned to another in cases where the buyer withdraws from the project.

- e. The CEx/DEx/PEX, based on the approved application form, shall encode the buyer's profile data on the Buyers' database.





G. Availment

1. Sellers

- a. To avail of the EETS program, the prospective seller depositor shall be required to accomplish the Deposit Agreement (*Exhibit 5*) and the Offer-to-Sell form (*Exhibit 6*) which shall include the EETS Rules and Procedures in Matching Offers indicated at the back of the form.
- b. The Deposit Agreement shall contain the following conditions:
 - b.1. Quality of stocks to be deposited under the program shall follow the “one-quality policy” procurement with specifications as provided in paragraph II.B.3 herein.
 - b.2. Unsold stocks when withdrawn shall be subject to shrinkage cost which accounts for loss in weight of stocks while in storage;
 - b.3. There shall be co-mingling of stocks at NFA depository warehouses;
 - b.4. Free storage for a period of thirty (30) days shall be allowed reckoned from the date the stocks are received at the warehouse per Warehouse Stock Receipt (WSR);
 - b.5. After the 30-day free storage period, a storage fee shall be charged, the amount of which shall be determined by the CEx/DEx/PEX based on the rate provided in paragraph II.B.12 herein;
 - b.6. Marketing cost of transfer shall be based on prevailing rates as determined by NFA. Please refer to *Annex I* for the Schedule of Marketing Transfer Costs;
 - b.7. Payment for corn stocks to be remitted to the seller shall be net of the marketing cost, shrinkage cost and storage fee that the seller may incur; and

- b.8. In the event that the stocks deposited are not sold within the 30-day free storage period, the seller has the option to either withdraw his stocks or sell the same at the best price offered in the Buyers' Board. Corn Seller also has the option to continue to store his corn at the NFA warehouse beyond the 30-day free storage period and pay the required storage fee, while waiting/looking for his corn to be sold.
- c. The CEx/DEx/PEx shall evaluate the submitted Offer-to-Sell form, Deposit Agreement and required documents. The CEx/DEx/PEx shall recommend to the Head of the Exchange Center or Provincial Manager the approval/disapproval of the same.
- d. The CEx/DEx/PEx shall inform the seller of the designated NFA depository warehouse in his area. However, seller may deposit his stocks at NFA warehouses other than the designated depository warehouse subject to NFA's approval.

In cases where the seller opts to deposit his stocks at NFA warehouses other than the designated NFA depository warehouse, CEx/DEx/PEx informs the seller that marketing cost of transfer shall be collected based on prevailing marketing cost.

2. Buyers

- a. To avail of the EETS program, the prospective buyer shall be required to accomplish the Bid-to-Buy form (*Exhibit 7*) which shall include the EETS Rules and Procedures in Matching Offers indicated at the back of the form.
- b. The Buyer shall indicate the desired quantity/volume and buying price on the Bid-to-Buy form. A standard lot for corn that a buyer may buy shall be in multiples of 100 bags of 50 kg per bag.
- c. Upon signing of the Bid-to-Buy form, the buyer explicitly acknowledge agreement to the rules and procedures in matching offers being used under the EETS project.
- d. The CEx/DEx/PEx shall prepare the corresponding Authority to Accept Payment (AAP) for the required commitment fee which shall be equivalent to 10% of the total purchase value of the stocks being bought.
- e. The commitment fee shall form part of the total purchase price if the sale is consummated. However, this fee shall be forfeited once the buyer reneges on his purchase after being matched.

In cases wherein a buyer is not matched and he decides to withdraw his Bid-to-Buy, the commitment fee shall be refunded to him.



H. Deposit of Stocks

1. The seller shall deposit only locally grown/produced/ purchased corn stocks to the designated NFA depository warehouse or his preferred NFA warehouse in his area in accordance with the provisions of the duly signed Deposit Agreement.
2. The standard lot for corn that a seller may deposit shall be in multiples of 5,000 kgs or 100 bags of 50 kg per bag. The seller shall deposit the total volume of stocks specified in the signed Offer-to-Sell form.
3. The seller shall be responsible for the delivery of stocks to the designated NFA depository warehouse or his preferred NFA warehouse.
4. Only Grade 1 (YG1) corn with specifications as provided in paragraph II.B.3 shall be accepted for deposit under the EETS project.
5. The concerned NFA Warehouse Supervisor (SGOO-WSII) shall check the stocks for deposit and ensure that the stocks are properly weighed and classified.
6. The stock deposits of an FO/FC, although belonging to its farmer-members, shall be considered collectively.
7. Co-mingling of sellers' stocks shall be allowed at the NFA depository warehouse. However, the piling system under the NFA Farmers Option to Buy Back (FOBB) program may be followed for large volume deposits.
8. NFA has the option to require the Seller depositor to re-bag his corn deposits should it be determined that the seller's sack does not conform to the NFA MTS specification standards. The concerned NFA Warehouse Supervisor (SGOO-WSII) shall properly inform the seller of such cases.
9. In computing for the net weight of the stocks, a standard MTS Weight of 220 grams per sack shall be used for seller's sacks. However, sellers may use NFA sacks for a fee, the payment of which may be deducted from the sales proceeds or to be paid in cash to the NFA if the seller withdraws from the project. Existing procedures for MTS issuance and documentation shall apply.

To document the issuance of NFA sacks for the re-bagging of sold stock deposits, a separate pad of Empty Sack Issuance (ESI) receipt shall be used. The ESI shall be issued in the name of the depositing seller indicating "EETS" as the nature of transaction.

10. Sellers participating in the project shall be informed accordingly regarding changes in the moisture content of their stocks due to natural causes which accounts for the reduction in weight of the deposited stocks while in storage. As such, the following shrinkage allowance based on established standards shall be deducted from the original weight of the stocks:

<u>Storage Period (Month)</u>	<u>Shrinkage Allowance (%)</u>
1	0.06
2	0.36

The shrinkage allowance shall be applied and deducted upon sales of the stocks or when the seller withdraws the stocks from the EETS project. When the seller withdraws, he has the option to pay the applicable shrinkage cost in cash or deducted from the total volume of stocks to be withdrawn. For sold stocks, the seller shall pay only in cash.

11. NFA shall properly maintain stock deposits of sellers to ensure good quality thereof. Hence, except for losses due to natural causes, NFA shall be accountable to the seller for any loss/shortage incurred during storage. The responsibility of going after the concerned accountable SG00-WSII shall rest with NFA.
12. Sellers shall be allowed to conduct inspection of their stocks at anytime during office hours.





I. Documentation Procedure for Acceptance of Corn Deposits

1. Warehouse Stock Receipts (WSR) shall be used. The WSR shall be issued in the name of the depositing seller indicating "EETS" as the nature of transaction.
2. The concerned SGOO-WSII shall indicate in the WSR the ENW Factor and the ENW in kilograms. The Moisture Content (MC) and purity of stocks upon deposit must also be reflected accurately in the WSR.
3. The WSR shall be prepared in the usual number of copies for distribution as follows:
 - WSR 1 - Seller
 - WSR 2 - SGOO-WSII
 - WSR 3 - Accounting
 - WSR 4 - Auditing
 - WSR 5 - Handlers
4. The seller shall present his copy of the WSR to the CEx/DEx/PEx for assignment of transaction code on his approved Offer-to-Sell form. A transaction code shall be assigned for every Offer-to-Sell transaction using the following coding standards:

OS-PPP-NNN

Where:	OS	=	Fix code
	PPP	=	province code (e.g. Bukidnon = BKN)
	NNN	=	assigned number (001; 002; etc.)

5. The concerned SGOO-WSII shall report daily to the CEx/DEx/PEx the corn deposits and the corresponding WSR issued for the day.
6. All warehouse transactions under the program shall be included in the liquidation of stock accountabilities of the concerned SGOO-WSII. Variance in weight of stock deposits incurred from the date of stocks receipt to the date of withdrawal shall be covered by the tolerable allowance.

7. The shrinkage allowance provided based on established standards shall be used as basis in determining the weight variance between stock receipts and issues owing to the natural loss in moisture content and other factors.
8. The corn stocks deposited in the warehouse shall also be reported by the SG00-WS II in the regular Stock Inventory Report under a separate heading following the same information format used for the regular stocks.
9. In cases where the SG00-WSII feels prejudiced in certain transactions he undertook under the program, he can file an appeal with the Tolerable Allowance Committee subject to existing procedures.





J. Posting of Offers at the Trading Boards

1. Sellers' Offers

- a. Posting of Offer-to-Sell and stock deposits shall be undertaken by the CEx/DEx/PEX only upon submission of the WSR.
- b. The CEx/DEx/PEX shall post the required information as indicated in paragraph II.D.3.a herein.
- c. Changes in the seller's price offer maybe relayed to the CEx/DEx/PEX thru SMS or by accomplishing the Change Price/Volume Form (*Exhibit 8*).
- d. Confirmation feature (e.g. password) shall be required for any change/retraction of price offer relayed thru SMS. Likewise, a duly signed Change Price/Volume form shall confirm change/retraction of price offer by the seller.
- e. A seller shall be allowed to change his offered price once a day only. Changes in the sellers' price offer for posting on the Sellers' Board and for inclusion on the 1st matching activities must be relayed to the CEx/DEx/PEX before 8:30 A.M. Likewise, changes in the sellers' price offer for posting on the Sellers' Board and for inclusion on the 2nd matching activities must be relayed to the CEx/DEx/PEX before 10:30 A.M. of the same day. Changes received from 10:31 A.M. shall be posted and reflected in the Sellers' Board on the following day.

2. Buyers' Offers

- a. Posting of a Buyer's price bid shall be undertaken by the CEx/DEx/PEX only upon presentation by the buyer of his copy of the Official Receipt (OR) evidencing payment of the required commitment fee.
- b. The CEx/DEx/PEX shall post the required information as indicated in paragraph II.D.3.b herein.
- c. The buyer shall present to the CEx/DEx/PEX, his copy of the OR for assignment of transaction code on his approved Bid-to-Buy form. A transaction code shall be assigned for every Bid-to-Buy transaction using the following coding standards:

OB-PPP-NNN

Where: OB = Fix code
PPP = province code (e.g. Bukidnon = BKN)
NNN = assigned number (001; 002; etc.)

- d. Changes in the buyer's price bid maybe relayed to the CEx/DEx/PEx thru SMS or by accomplishing the Change Price/Volume Form (*Exhibit 8*).
- e. Confirmation feature (e.g. password) shall be required for any change/retraction of price offer relayed thru SMS. Likewise, a duly signed Change Price/Volume form shall confirm change/retraction of price bid by the buyer.
- f. Changes in the buyer's price bid shall be subject to corresponding adjustment in the commitment fee. Payment of any adjustments in commitment fee shall be required prior to posting
- g. A buyer shall be allowed to change his bid price to buy only once a day. Changes in the buyer's price bid for posting on the Buyers' Board and for inclusion on the 1st matching activities must be relayed to the CEx/DEx/PEx before 8:30 A.M. Likewise, changes in the buyer's price bid for posting on the Buyers' Board and for inclusion on the 2nd matching activities must be relayed to the CEx/DEx/PEx before 10:30 A.M. of the same day. Changes received from 10:31 A.M. shall be posted and reflected in the Buyers' Board on the following day.





K. Matching of Offers

1. From the available data on the Buyers' and Sellers' Board, CEx shall match buyers with sellers based on the approved matching criteria/procedures provided in paragraph II.D.2 of this SOP.
2. CEx/DEx/PEx shall notify the matched seller and buyer immediately thru SMS or thru any fastest means of communication that their offer had been matched. Offers that are matched shall be marked SOLD or BOUGHT in the trading boards.
3. The CEx/DEx/PEx shall ask the buyer to accomplish the Sales Order Form (Exhibit 9) and requests payment of the total purchase amount within two (2) working days upon notification of the match. If the buyer fails to pay the total purchase amount within two (2) working days, the buyer's commitment fee shall be forfeited and his offer shall be cancelled/delisted from the trading boards.
4. The seller shall be paid within four (4) working days upon notification of the match net of applicable shrinkage allowance, handling fees, and storage fees if matching is realized beyond 30 days from date of stock deposit. Payment to the seller shall be made regardless of whether payment from the buyer has been received or not.

For farmer sellers who availed of the FOBB program, amount to be paid shall be net of the FOBB price and applicable shrinkage allowance, handling fees, and storage fees if matching is realized beyond 30 days from date of stock deposit.

5. Delisting of sold lots from the Sellers' and Buyers' Boards shall be done one week after the transaction has been consummated





L. Storage Fees and Other Charges

1. Corn stocks deposited by the seller shall be stored at NFA warehouse for free for a maximum of thirty (30) calendar days after which a daily storage fee shall be charged.
2. The storage fee shall include charges such as warehouse rental, insurance premiums, cost of pesticides, and cost of handling.
3. The CEx/DEx/PEx shall properly inform the seller of the storage fee rates.
4. Storage fee rates shall be determined by the NFA Provincial Office which the MRSD-GMOD shall periodically review.





M. Payments

1. To Seller

- a. Payment of stocks shall be made to the seller/s through the DEx/PEX. The CEx shall request the Department for Treasury, Budget and Fund Management (DTBFM) to remit to the concerned DEx/PEX the payment of seller's sold stocks immediately after being matched.
- b. Remittances to the DEx/PEX for payment to the seller/s shall be based on the buyer's price less marketing cost. The DEx/PEX shall deduct from the remitted sales proceeds the corresponding storage fee or any other fees that the seller may have incurred.
- c. The DTBFM shall remit the sales proceeds to the concerned DEx/PEX immediately upon receipt of request of remittance from the CEx or may authorize the use of available Corporate Procurement Fund (CPF) of the province to be able to pay the seller within four (4) working days after being matched.

2. From Buyer

- a. The buyer shall pay the total purchase price in cash and/or Manager's/ Cashier's Check at the CEx/DEx/PEX from 8:00 AM to 3:00 PM within two (2) working days after being matched. No partial payment shall be allowed.
- b. Based on the Sales Order, the CEx/DEx/PEX shall prepare the AAP, indicating therein the amount of stocks purchased broken down as follows: seller's price, marketing cost, commitment fee paid, if any, and the corresponding Official Receipt No./Date Issued.
- c. The CEx/DEx/PEX shall facilitate payment of the buyer to the NFA Cashier and the handing of the corresponding OR to the buyer.
- d. The NFA Cashier shall accept payment based on the approved AAP and shall issue an OR in the name of the buyer, indicating the seller's price, marketing costs and the commitment fee paid, if any.

- e. The CEx/DEx/PEx shall coordinate with the concerned NFA Office for the issuance of an Authority to Issue (AI) to the buyer or the buyer's representative corresponding to the total volume of stocks purchased upon presentation by the buyer of the OR evidencing payment of stocks being purchased.
- f. The buyer shall withdraw the stocks purchased from the designated withdrawal warehouse in accordance with the withdrawal policies provided in paragraph II.B.11 of this Manual.





N. Financing Support for EETS Participants

1. To ensure the viability of the EETS guarantee feature on the payment to seller of matched stocks, a Revolving Seed Fund in the amount of TEN MILLION PESOS (Php 10M) shall be established from the Corn Development Fund. The Revolving Seed Fund shall provide the financial support mechanism that the EETS implementation would require.
2. The Revolving Seed Fund shall be used to cover payment of the total amount of matched stocks to both farmers and traders in cases when the buyer reneges.
3. The Fund will stay with CDF and will only be withdrawn for payment of defaulting transactions.
4. Provisions of security and safety measures stressing on the filing of legal actions against defaulting buyers shall be included/incorporated in the Memorandum of Agreement with the buyer





O. Unmatched Offers

1. The CEx/DEx/PEx shall notify the seller after five (5) working days if there are no takers for the posted stocks or no changes in the data posted. However, this does not limit the seller to update/revise posting of price offers in accordance with the policies provided in paragraph II.I.1 as a marketing strategy.
2. The seller, upon receipt of the notice, may make price adjustment and prepare another Offer to Sell to revise the prices posted in the Seller's Board. The CEx/DEx/PEx shall post the Seller's price adjustment on the board as indicated in paragraph II.I.1.e.
3. The CEx/DEx/PEx shall inform the seller of the expiration of the 30-day free storage period at least five (5) days before the date of expiration. The CEx/DEx/PEx shall also inform the seller of the following options open to the seller:
 - a. Withdraw the Stocks, or
 - b. Sell the stocks on the first working day after the 30-day free storage period has expired, to the best bid price offered in the Buyers' Board, or
 - c. Seller will be allowed to continue to sell his corn at his desired price up to a maximum of sixty (60) days subject to payment of storage fee beyond the thirty (30) days free storage period and other reasonable fees that may be imposed by NFA.
4. If seller opts to withdraw the stocks, the CEx/DEx/PEx shall then cancel the Offer to Sell and coordinates with the concerned NFA Office the issuance of an AI for the release of the seller's stocks, net of shrinkage and other charges which the seller shall pay in cash prior to the stock's release.
5. If stocks are sold to local buyers while stocks are posted, the seller must inform the CEx/DEx/PEx for the cancellation of the Offer to Sell. Deposited stocks shall only be issued to the seller. As such, the seller shall accompany the local buyer to the CEx/DEx/PEx for the release of the stocks.
 - a. If stocks are sold to local buyer within the 30 days free storage period, the buyer shall pay only the handling cost.

- b. If stocks are sold to local buyer after the 30 days free storage period, the buyer shall pay the accumulated storage fee and handling cost.
 - c. Applicable shrinkage fees shall be deducted/collected from the seller prior to the release of deposited stocks to the local buyer.
 - d. The CEx/DEx/PEX shall cancel the Offer to Sell and coordinates with the concerned NFA Office the issuance of the deposited stocks to the seller/local buyer upon full payment of applicable shrinkage, storage and /or handling fees. .
6. Payment of shrinkage, storage fee and/or handling fees shall be in cash only.





P. Accounting Procedures

1. All activities involved in the EETS Program shall be treated as Special Project.
2. The account to be used are as follows:
 - a. RCA - collections and depository fund account for the collections of sales proceeds
 - b. CPF - drawing account for the payment to farmers availing of the FOBB program.
 - c. Miscellaneous Trust Liability-EETS - This is the liability account to record the receipt of payment from buyers. This shall be closed upon payment to Farmer/FO/other suppliers/sellers. A subsidiary for each individual farmer/FO/other suppliers shall be maintained.
3. The pre-positioning of stocks at the designated depository/ withdrawal warehouses shall follow the regular dispersal operations and shall be recorded based on the SOP on Cost Accounting for Stocks.
4. Remittance to field offices and stock transfers shall follow the usual inter-branch transactions, while disbursement procedures shall follow the existing SOP on Voucher System.
5. Deposit of stocks by sellers shall be recorded as debit entry to Miscellaneous Inventory – EETS and issuance of stocks to buyers shall be recorded as credit entry to Miscellaneous Inventory- EETS.
6. Transport costs deducted from proceeds shall be treated as deduction/ negative debit entry to EETS expenses.

Please see *Annex J* for the Pro- Forma Accounting Entries.



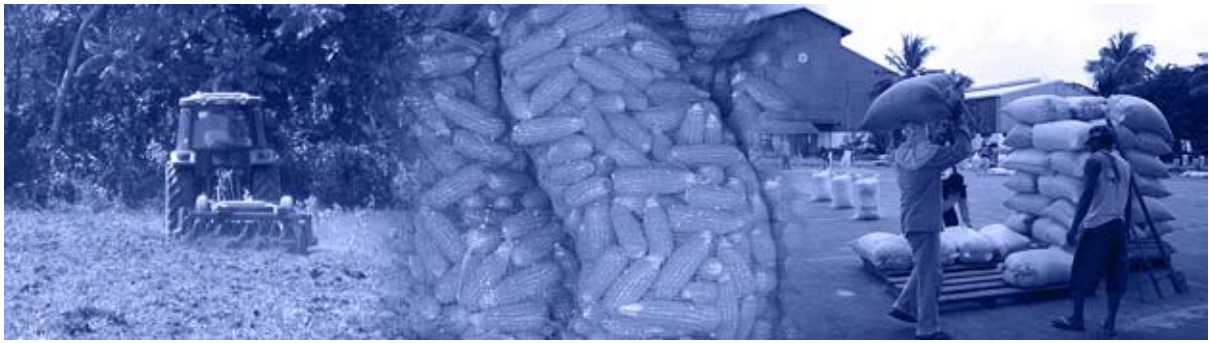
Q. Reporting and Monitoring System

Through the Internet, CEx/DEx/PEx shall generate the following reports for the monitoring and evaluation of the EETS program.

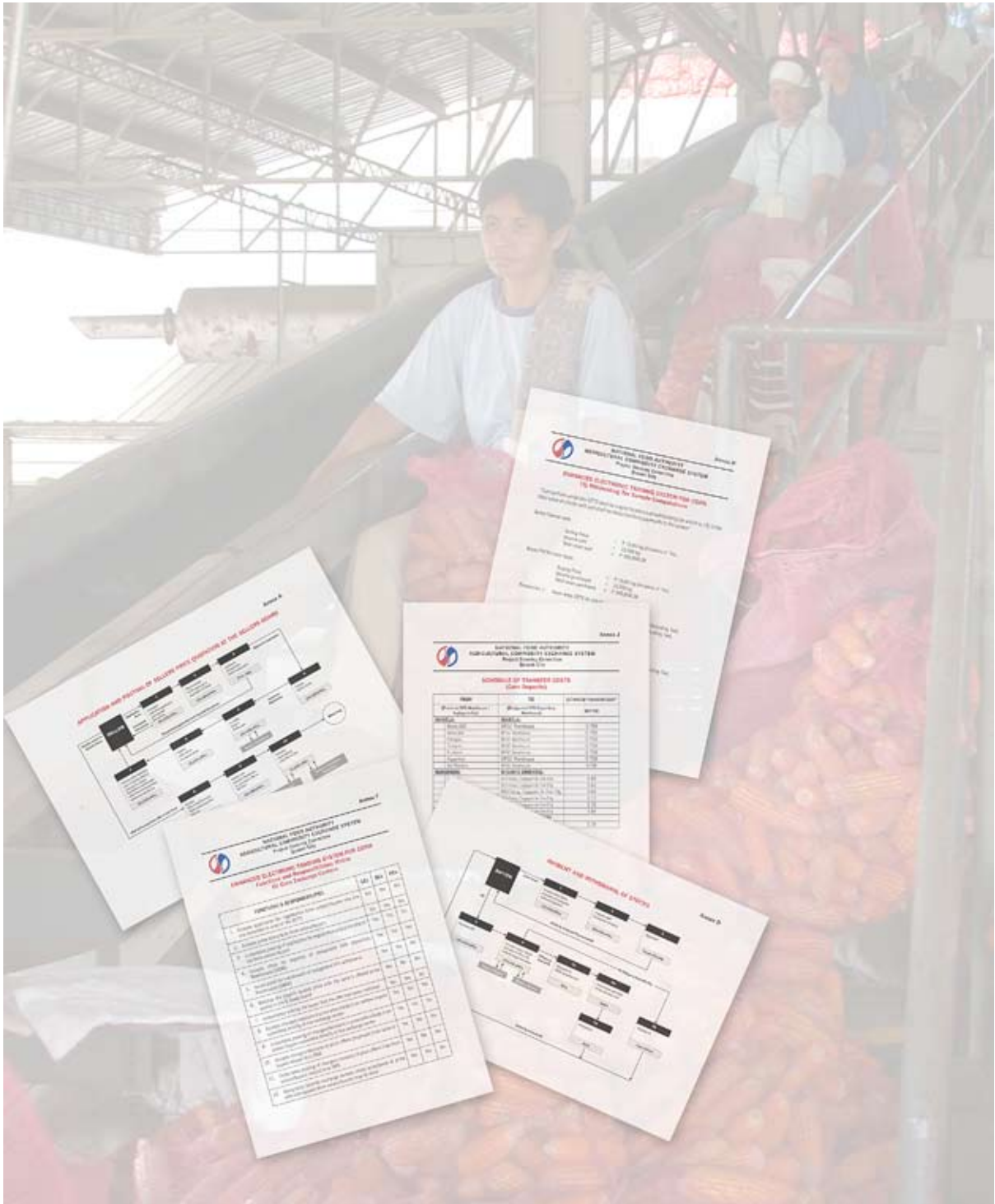
Report Title	User / Frequency
1. Daily Sellers Report (Exhibit 10)	CEx/ PM/RD / Daily
2. Daily Sales Report (Exhibit 11)	CEx/ PM/RD / Daily
3. Daily Buyers Report (Exhibit 12)	CEx/ PM/RD / Daily
4. Weekly Status Report (Exhibit 13)	AO cc: ODAO, ISD, GMOD, DTBFM, DAS, & CPMSD/ Weekly

* Reports 1, 2 and 3 are available for viewing and printing of the concerned DEx/ PEx and its Regional Office. These reports shall be updated daily. Report 4 is generated/printed and copies are to be submitted/forwarded to concerned officials of the NFA before 3:00 P.M. every 7th, 15th, 22nd and end of the month.





III. ANNEXES





NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
 Project Steering Committee
 Quezon City

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
1% Withholding Tax Sample Computations

“Transactions under the EETS shall be subject to the usual withholding tax which is 1% of the total value of stocks sold and shall be deducted from payments to the sellers”

Seller/Farmer sells:

Selling Price	=	P 10.00/kg (inclusive of Tax)
Volume sold	=	10,000 kg
Total Value sold	=	P 100,000.00

Buyer/PAFMI/User buys:

Buying Price	=	P 10.00/kg (inclusive of Tax)
Volume purchased	=	10,000 kg
Total Value purchased	=	P 100,000.00

Transaction 1: Buyer pays EETS for stocks purchased

Amount paid to EETS	=	P 99,000.00 (net of Withholding Tax)
For Remittance to BIR	=	<u>P 1,000.00</u> (1% Withholding Tax)
Total Value purchased	=	P100,000.00
		vvvvvvvvv

Transaction2: EETS pays Seller for stocks sold

Amount paid to Seller	=	P 99,000.00 (net of Withholding Tax)
Tax Withheld	=	<u>P 1,000.00</u> (1%)
Total Value sold	=	P100,000.00
		vvvvvvvvv

EETS shall:

- Issue Withholding Tax Form to the Seller/Farmer.
- Provide copy of the Withholding Tax Form to the Buyer/PAFMI/User.
- Require seller & buyer to submit TIN
- Uses as Withholding agent the TIN of Buyer



NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
 Project Steering Committee
 Quezon City

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Service Fee Sample Computations

“A service fee of ½ of 1 percent shall be charged to the buyer for consummated transaction based on the total amount purchased net of withholding tax. The service fee shall be an amount over and above the bid price”

Buyer/PAFMI/User buys:

Buying Price	=	P 10.00/kg (inclusive of Tax)
Volume purchased	=	10,000 kg
Total Value purchased	=	P 100,000.00

Amount to be paid to EETS:

Total Value	=	P 100,000.00
Less: 1% Withholding Tax	=	<u>P 1,000.00</u>
Net Amount	=	P 99,000.00
Add: ½ of 1% Service Fee	=	<u>P 495.00</u> (99,000 X .01 X .5)
Total Amount paid to EETS	=	P 99,495.00
		vvvvvvvvvv

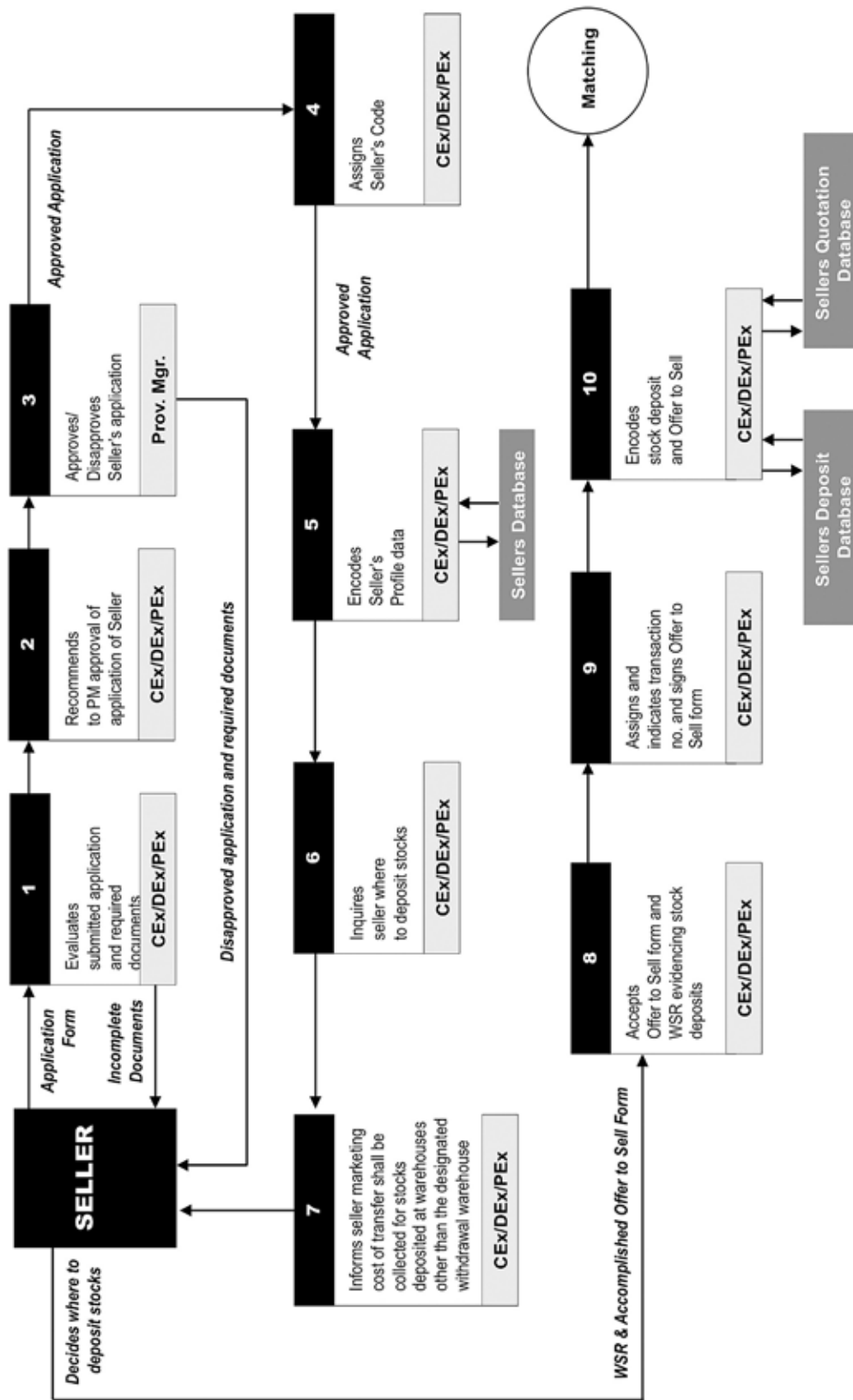


NATIONAL FOOD AUTHORITY
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 Project Steering Committee
 Quezon City

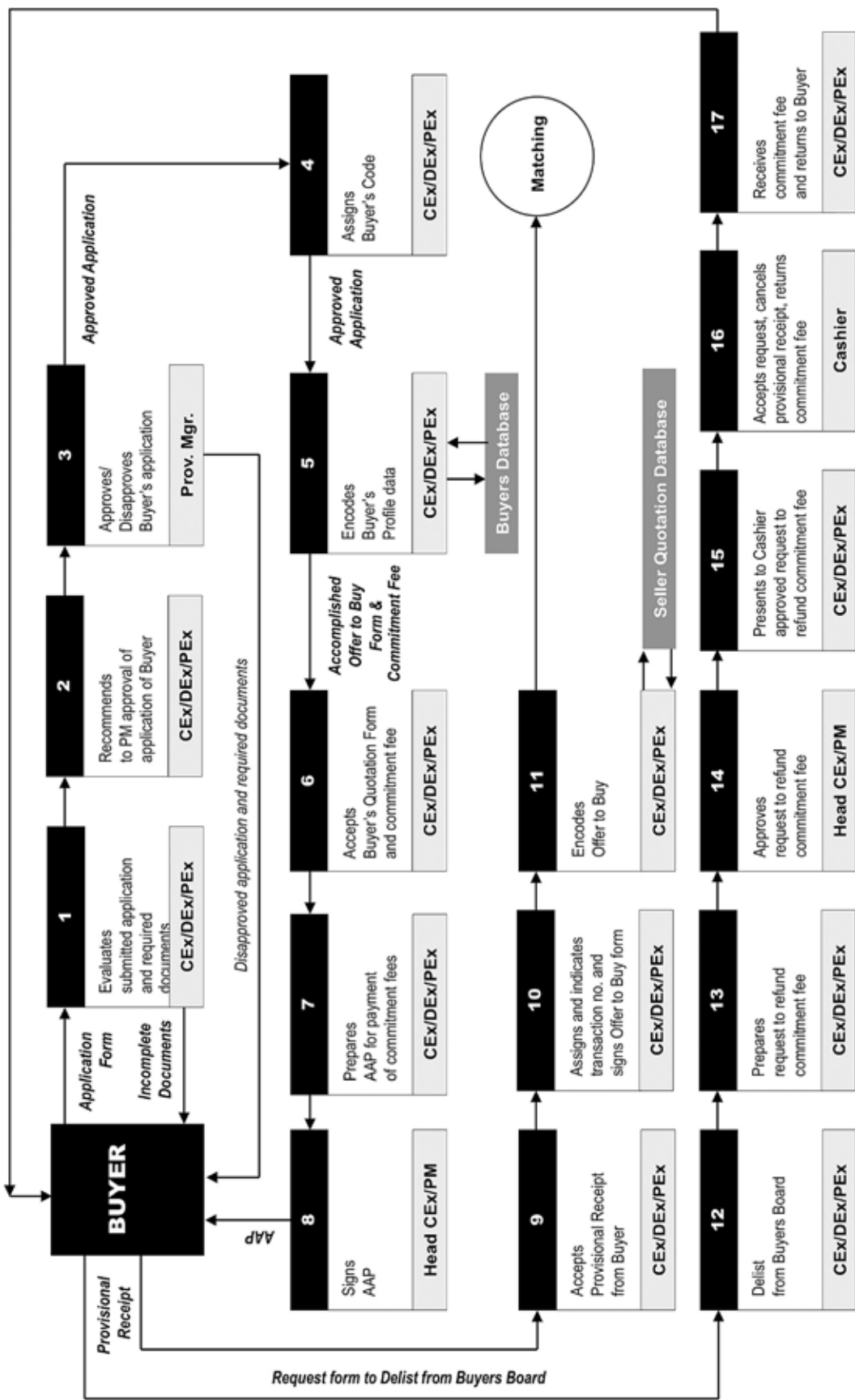
ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Functions and Responsibilities Matrix
Of Corn Exchange Centers

FUNCTIONS & RESPONSIBILITIES		CEX	DEX	PEX
1.	Accepts application for registration from sellers/buyers who are interested to avail of the EETS	Yes	Yes	Yes
2.	Accepts price offers/bids from sellers/buyers	Yes	Yes	Yes
3.	Undertakes posting of application for registration and price offers/bid from sellers/buyers	Yes	Yes	No
4.	Accepts stock for deposits at designated NFA depository Warehouses (DDW)	Yes	Yes	Yes
5.	Issues stock for withdrawals at designated NFA withdrawal Warehouses (DWW)	Yes	Yes	No
6.	Matches the buyer's quoted price with the seller's offered price posted in the E-Trade Board	Yes	No	No
7.	Immediately notifies the buyer that his offer had been matched	Yes	Yes	No
8.	Accepts changes/revisions in price offers/bids from sellers/buyers submitted directly at the exchange center	Yes	Yes	Yes
9.	Undertakes posting of changes/revisions in price offers/bids from sellers/buyers submitted directly at the exchange center	Yes	Yes	No
10.	Accepts changes/revisions in price offers/proposals from sellers/buyers relayed thru SMS	Yes	No	No
11.	Undertakes posting of changes/revisions in price offers/bids from sellers/buyers relayed thru SMS	Yes	No	No
12.	Designates satellite exchange centers where acceptance of price offers/proposals from sellers/buyers may be done	Yes	Yes	No

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Application and Posting Of Sellers Price Quotation at the Sellers Board



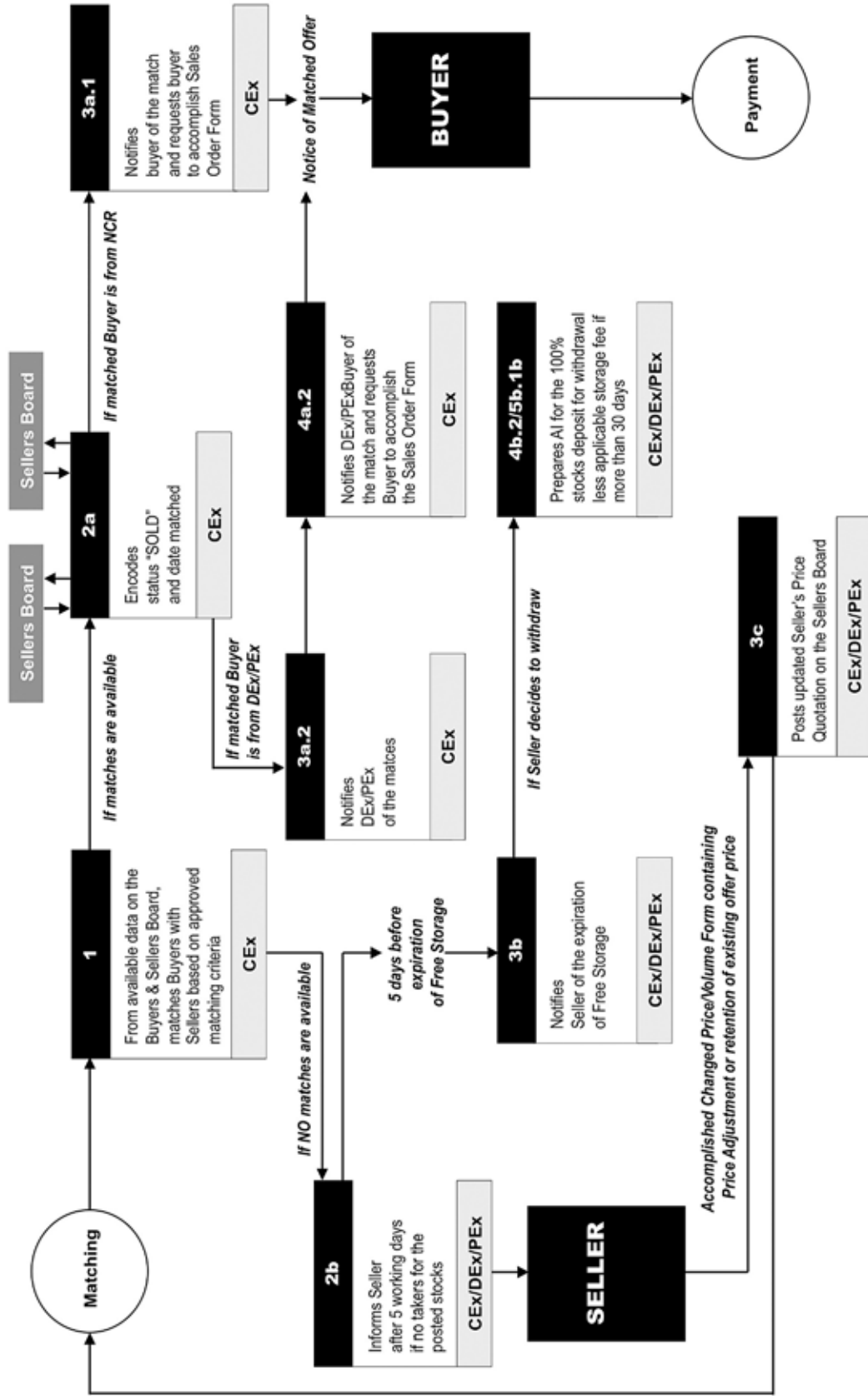
ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Application and Posting Of Buyers Price Quotation at the Buyers Board



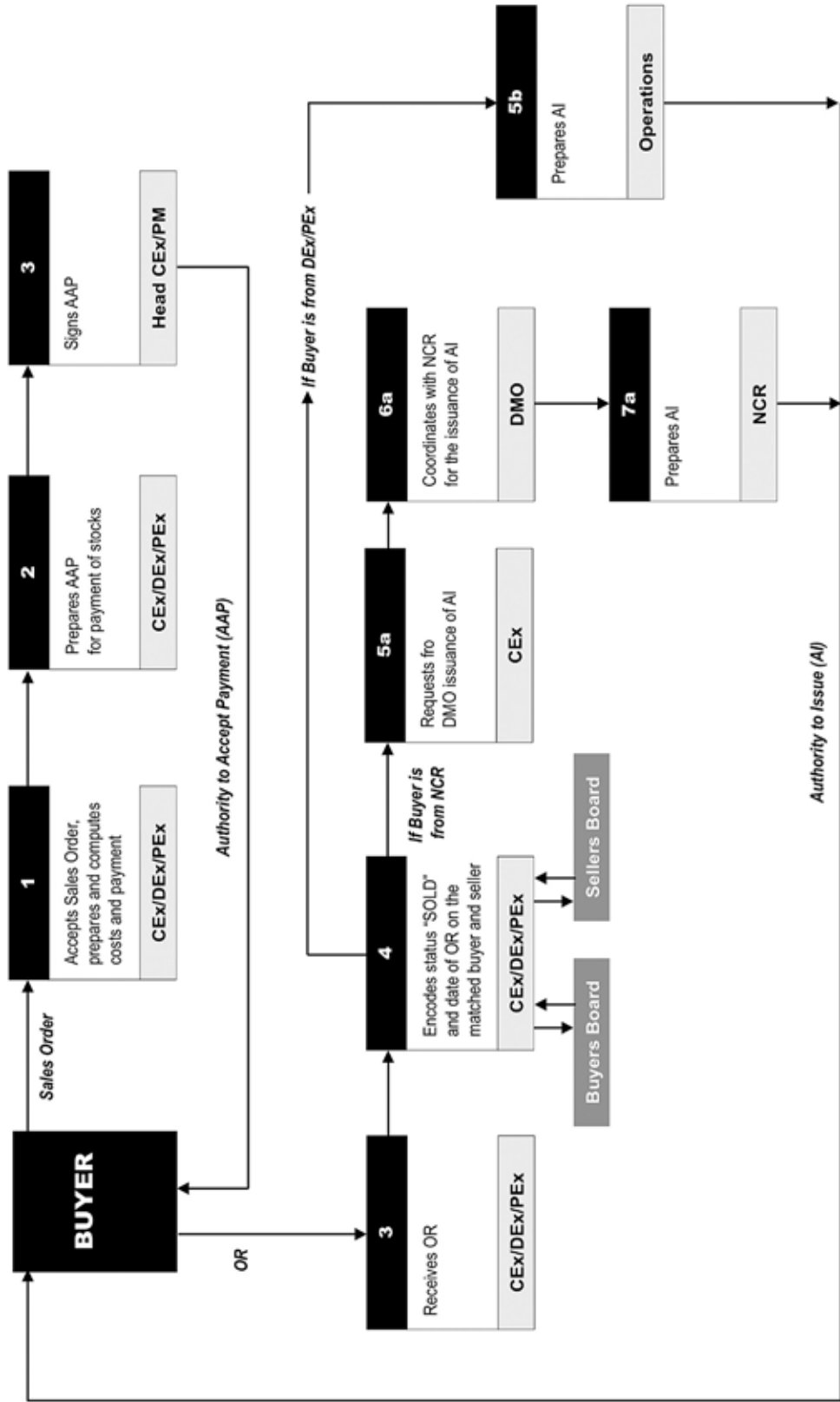
• NOTE: For Changes in Buyer's Price, follow steps/procedures starting from #6

Annex F

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Matching Sellers and Buyers

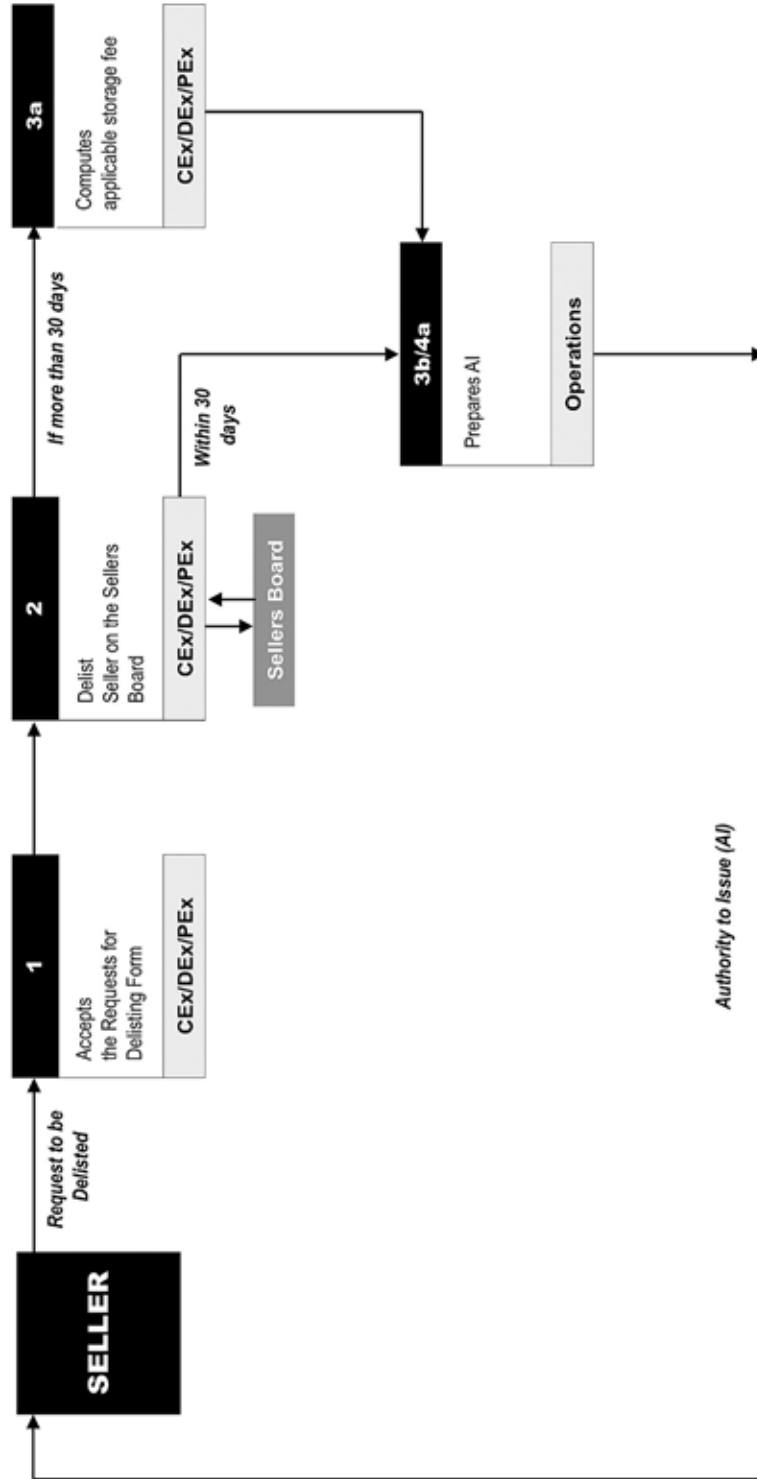


**ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Payment and Withdrawal of Stocks**



Annex H

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN Delisting of Sellers in the Sellers Board





NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
 Project Steering Committee
 Quezon City

SCHEDULE OF TRANSFER COSTS
(Corn Deposits)

FROM	TO	ESTIMATED TRANSFER COST*
(Preferred NFA Warehouse / buying station)	(Designated NFA Depository Warehouse)	(per kg)
ISABELA:		
Roxas GID	NPGC Warehouse	0.758
Gamu Dpx	NPGC Warehouse	0.758
Cabagan	NPGC Warehouse	0.758
Tumauini	NPGC Warehouse	0.758
D. albano	NPGC Warehouse	0.758
Naguilian	NPGC Warehouse	0.758
San Mariano	NPGC Warehouse	0.758
BUKIDNON:		
MISAMIS ORIENTAL:		
Aglayan	GID-Baloy, Cagayan de Oro City	0.58
Valencia	GID-Baloy, Cagayan de Oro City	0.63
Musuan	GID-Baloy, Cagayan de Oro City	0.68
Maramag	GID-Baloy, Cagayan de Oro City	0.73
Kalilangan	GID-Baloy, Cagayan de Oro City	0.78
Wao	GID-Baloy, Cagayan de Oro City	0.83
TAGUM, DAVAO DEL NORTE:		
GENERAL SANTOS CITY		
Dizant Warehouse	GID-GSC	0.78

* Subject to change/adjustment

SCHEDULE OF TRANSFER COSTS
(Corn Withdrawals)

FROM	TO (Preferred Withdrawal Sites)			
	TRANSFER COST (per Kg)			
(Designated Withdrawal Sites)	NPGC (Isabela)	GID BALOY (Cagayan de Oro City)	GID-GSC (General Santos City)	SINDALAN (Pampanga)
NPGC, Isabela	0			1.47
Sindalan, Pampanga				0
GID-Baloy, Cagayan de Oro City		0		3.34
GID-GSC, General Santos City			0	1.65

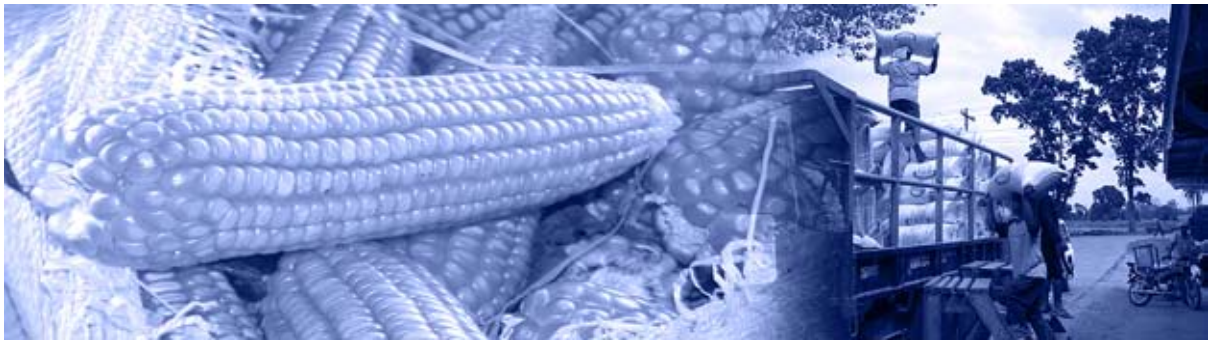


NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
 Project Steering Committee
 Quezon City

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Pro-Forma Accounting Entries

	ACCOUNTS	DEBIT	CREDIT	ACCOUNTS	DEBIT	CREDIT
1.	To record transfer of stocks (prepositioning of stocks)			To record receipt of stocks (prepositioning of stocks)		
	Source Document: Warehouse Stock Issuance (WSI)			Source Document: Warehouse Stock Receipt (WSR)		
	Provincial Office Books (Source Province)			Provincial Office Books (Receiving Province)		
	Due from Operating Units- (Receiving Province)@STC		(XXX)	Invty-Items for Sale 9QTY)	XXX	
	B-Transfer Cost Variance I		XXX	B-Transfer-in-Spillage/Loss	XXX	
	Invty-Items for Sale		XXX	Due to Operating Units-(Source Province)		XXX
	B-TCV II-Handling Expense	XXX		C-Transfer-in-Corn-Port Expense	XXX	
	B-TCV II-Freight Expense	XXX		Accrued Expenses Payable		XXX
	B-TCV II-Port Expense	XXX				
	Accrued Expenses Payable		XXX			
	2.	To record stock deposit by Seller				
Source Document: Warehouse Stock Receipt (WSR)						
Other Assets-Misc. Invty-EETS		XXX				
Other Payables-EETS			XXX			
3.	To record receipt of Buyer's commitment fee					
	Source Document: Official Receipt (OR)					
	(Indicate total volume to be purchase & bid-to-buy price)					
	Cash-Collecting Officer	XXX				
	Other Payables-EETS		XXX			

4.	To record receipt of full payment of Buyer					
	Source Document: Official Receipt (OR)					
	(Indicate total volume purchased & bid-to-buy price)					
	Cash-Collecting Officer	XXX				
	Other Payables-EETS		XXX			
5.	To record payment to Seller					
	Source Document: Disbursement Check Voucher					
	Other Payable - EETS	XXX				
	Cash-in-Bank - CPF		XXX			



IV. EXHIBITS





Republic of the Philippines
NATIONAL FOOD AUTHORITY
Quezon City

S.O. for the Project Steering Committee (PSC)



Republic of the Philippines
NATIONAL FOOD AUTHORITY
Quezon City

S.O. for the Project Management Office (PMO)



NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
Project Steering Committee
Quezon City

**IMPLEMENTING GUIDELINES FOR THE
ENHANCED ELECTRONIC TRADING SYSTEM -
FARMERS OPTION TO BUY BACK (EETS-FOBB) PROGRAM FOR CORN**

I. BACKGROUND

The failure of the e-TRADE Project for corn launched by the National Food Authority (NFA) in 2001 can be partly traced to lack of financial support mechanism for farmers. While corn stocks were deposited by farmers to be traded in the e-TRADE Project of the NFA, farmers had to wait to be paid until their corn are sold. The wait forced farmers to withdraw their stocks and sell same to buyers willing to immediately pay them at a price good enough to recoup their cost of production and earn some profits. Because payment is made immediately upon delivery of their corn stocks to the private buyer, farmers ended up not using the e-TRADE.

For this reason, the EETS must consider a financial mechanism that would allow for immediate payment to farmers while waiting for their corn to be traded by the System. The Farmers Option To Buy-Back Program of the NFA can be used as a model with some revisions most particularly to consider prevailing market situation.

II. BASIC FEATURES OF THE PROGRAM

- 1) Corn Farmers Organizations (CFO's), accredited with the NFA and holders of NFA Masters Passbook (MP) and Individual Corn Farmers (ICF), who are holders of NFA Farmers Passbook (FP) shall be qualified under the Program.
- 2) CFO's and ICF's shall be required to deposit a minimum of one hundred (100) bags of 50 kgs to qualify under the Program, However, stock deposits must be composed only of locally produced stocks (excess produce not sold to NFA. NFA procurable volume is indicated in the Master's/Farmer's Passbook). Imported corn stocks will not be accepted for deposit under the EETS-FOBB Program.
- 3) ICF's/CFO's availing of the EETS-FOBB Program must deposit their corn stocks at NFA designated depository warehouse (DDW). With the approval of NFA, ICF's/FO's may also deposit their stocks at warehouses other than the DDW, however, marketing cost covering transfer of stocks from that warehouse to the NFA DDW shall be charged to the farmer.

- 4) Only locally produced corn Grade 1 which conforms with the following NFA quality specifications shall be accepted for deposit under the EETS-FOB Program, to wit:

Dry Corn – Purity A

Purity	96 - 100%
Moisture Content	- 14%
Total Damaged Kernels (including 1% moldy grains)	- 5%
Foreign Matter	- 4% max
Corn of other color	- 5% max
Shriveled and immature grains	- 3% max
Must be free from infestation, Foreign Odor and chemical residues.	

- 5) Farmers/FO's stocks to be deposited/sold under the EETS-FOBB Program will be paid at a price set by the System determined by averaging the ex-farm price for the same period of the preceding year. The System will set a new EETS-FOBB price every six (6) months. Payment of corn stocks purchased/deposited under the Program shall follow the usual procedure under the NFA-SOP on regular procurement.
- 6) ICF's/CFO's corn deposit to be sold under the EETS-FOBB Program could avail of free storage up to a maximum of thirty (30) days. Corn stocks, however, must strictly conform with NFA quality standards and must be bagged using NFA sacks.

Farmers/FO's stocks contained in farmers' sacks maybe accepted if:

- a) Farmers/FO's sacks conform with NFA's empty sacks (MTS) standard specifications.
 - b) Farmers/FO's meet the minimum stock deposit of 50 and 100 bags, respectively.
 - c) Stocks are bagged in 50 kg. per sack.
- 4) The cost of NFA bag shall be charged to Farmers/FO's upon buy-back/withdrawal of stocks.
- 5) In case the corn deposit was not sold during the 30-day free storage, ICF/FO may opt to withdraw or sell direct to NFA at the set average prevailing ex-farm price and upon payment of required fees. The ICF/FO may also choose to continue to deposit the corn up to a maximum of sixty (60) days and still be able to withdraw the stocks anytime upon payment of required fees. The extended deposit/storage/sales beyond the 30-days free storage period, ICF/FO pays handling costs, storage cost of P0.10 per bag per day.
- 6) Corn deposits made thru the EETS-FOBB Program shall be subjected to shrinkage cost from time of deposit to withdrawal/sales based on the NFA's established standards.

III. HOW TO AVAIL OF THE EETS-FOBB PROGRAM

- 1) The NFA-EETS shall designate the warehouse to which the ICF's/CFO's can deliver their stocks. Minimum deposit is one hundred (100) bags of 50 kilos and other terms and conditions set by NFA will apply, e.g. quality specs.
- 2) Upon approval of NFA, ICF/CFO, may also deliver to other warehouses not designated by NFA, subject to payment of reasonable fees and other terms and conditions that maybe set by NFA.
- 3) A Warehouse Stock Receipt (WSR) and Purchase Receipt (PR) shall be issued to the ICF/CFO.
- 4) All copies of PR and WSR shall be stamped with EETS-FOBB.
- 5) ICF/CFO receives payment for the stocks deposited at the set EETS-FOBB price, following procedure on SOP set by the NFA for regular corn procurement.
- 6) The System, in coordination with the ICF/CFO can now trade the deposited corn in the EETS.
- 7) The corn stocks while being traded at the EETS can still be subject to the Buy-Back Option of the ICF/CFO. However, if the ICF/CFO will exercise the Buy-Back Option, the System must be informed a day/one (1) day before and as such stop the sale of the corn under the System.

IV. BUY-BACK PERIOD

- 1) A period of sixty (60) days shall be given to the ICF/CFO within which to avail of the NFA-EETS Buy Back Program for corn.
- 2) The Buy-Back period shall be reckoned from the date of actual payments for the EETS-FOBB deposited stocks.
- 3) Option to Buy-Back shall be forfeited if the ICF/CFO fails to Withdraw/Buy Back the stocks within the specified period of sixty (60) days. Accordingly, the EETS shall inform the ICF/CFO of the Buy-Back expiration date.
- 4) Stocks which remain unsold at the EETS and not withdrawn during the specific withdrawal period now accrue or become part of NFA owned corn stocks.

V. COMPUTATION OF THE EETS-FOBB BUY-BACK COST FOR CORN

- 1) Refer to the WSR and PR to determine the quality and the ENW factor of the corn stocks.
- 2) Account for the total quantity of stocks received per WSR to establish a reference for stocks received and designate it as Q (in kilograms).
- 3) The ICF/CFO shall present the Original copy of the PR. (NFA has the duplicate which can be used as reference for purposes of advance cost computation)
- 4) Determine the period of storage (days), reckoned from the date of the WSR to the actual withdrawal/buy-back date.
- 5) Determine the percentage (%) Total Weight Loss. (Refer to the TRDD-TWL Table shown as Exhibit 1).
- 6) Compute for the Weight Loss by multiplying the percentage (%) total weight loss with the total quantity received per WSR.
- 7) Subtract the weight loss from the weight of corn received per WSR to get the weight net of weight loss or buy-back weight (BBW). This will be the quantity to be bought back or withdrawn by the ICF/CFO. (Refer to Exhibit 2, for the sample results)
- 8) Determine the Buy-Back Cost (BBC) of the stocks by multiplying the buy-back weight (BBW) with the NFA-EETS-FOBB set buying price (BP) and the ENW factor. (BBW x BP x ENW factor).

Please refer to *Exhibit 3* for the tabular presentation of the Cost Computation.

**TABLE FOR % TOTAL WEIGHT LOSS (%TWL)
FOR CORN PER DAY OF STORAGE**

STORAGE PERIOD (DAYS)	% TWL	STORAGE PERIOD (DAYS)	% TWL
1	0.1061	31	0.3560
2	0.1144	32	0.3643
3	0.1228	33	0.3726
4	0.1311	34	0.3810
5	0.1394	35	0.3893
6	0.1478	36	0.3976
7	0.1561	37	0.4060
8	0.1644	38	0.4143
9	0.1727	39	0.4226
10	0.1811	40	0.4310
11	0.1894	41	0.4393
12	0.1977	42	0.4476
13	0.2061	43	0.4559
14	0.2144	44	0.4643
15	0.2227	45	0.4726
16	0.2311	46	0.4809
17	0.2394	47	0.4893
18	0.2477	48	0.4976
19	0.2560	49	0.5059
20	0.2644	50	0.5142
21	0.2727	51	0.5226
22	0.2810	52	0.5309
23	0.2894	53	0.5392
24	0.2977	54	0.5476
25	0.3060	55	0.5559
26	0.3243	56	0.5642
27	0.3227	57	0.5725
28	0.3331	58	0.5809
29	0.3393	59	0.5892
30	0.3477	60	0.5975

Source: NFA-TRDD

**ESTIMATED VOLUME OF CORNGRAINS AFTER WEIGHT
LOSS AT VARYING STORAGE PERIOD AND PURITY LEVEL**

CORN QUALITY	Purity 96 - 100 % and 14% MC			
ENW FACTOR	1.0			
STORAGE PERIOD (DAYS)	15	30	45	60
Weight of Corn per WSR (kg)	50	50	50	50
Total Weight Loss (%)	0.2227	0.3477	0.4726	0.5975
Total Weight Loss (kg)	0.1113	0.1738	0.2363	0.2987
WEIGHT NET OF WEIGHT LOSS (kg)	49.8887	49.8262	49.7637	49.7013

Source: NFA-TRDD

TABLE OF BUY-BACK COST OF CORN TO FARMERS AT VARYING DAYS OF STORAGE PERIOD

Corn Quality ENW Factor	Dry Corn – Purity A 1.0																														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
Storage period in Warehouse (Days)																															
Weight of Corn received per WSR (kg)																															
LESS: Total Weight Loss (kg) ^{/1}																															
Weight Net of Weight Loss (kg) or BBW																															
Multiply by NFA-EETS-FOBB Buying Price (BP) ^{/2} x ENW																															
Buy-Back Cost of Corn Stocks (P /kg)																															
ADD: Charges and Liens (P/bag)																															
Interest Expense ^{/3}																															
Handling – in ^{/4}																															
Rebagging fee ^{/5}																															
Cost of Container ^{/6}																															
Cost of Pesticides ^{/7}																															
Handling –Out ^{/8}																															
Warehouse Rental ^{/9}																															
Stock Insurance ^{/10}																															
TOTAL BUY-BACK COST TO FARMERS (P /bag)																															

TABLE OF BUY-BACK COST OF CORN TO FARMERS AT VARYING DAYS OF STORAGE PERIOD

Corn Quality ENW Factor	Dry Corn – Purity A 1.0																														
	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	
Storage period in Warehouse (Days)																															
Weight of Corn received per WSR (kg)																															
LESS: Total Weight Loss (kg) ^{/1}																															
Weight Net of Weight Loss (kg) or BBW																															
Multiply by NFA-EETS-FOBB Buying Price (BP) ^{/2} x ENW																															
Buy-Back Cost of Corn Stocks (P /kg)																															
ADD: Charges and Liens (P/bag)																															
Interest Expense ^{/3}																															
Handling – in ^{/4}																															
Rebagging fee ^{/5}																															
Cost of Container ^{/6}																															
Cost of Pesticides ^{/7}																															
Handling –Out ^{/8}																															
Warehouse Rental ^{/9}																															
Stock Insurance ^{/10}																															
TOTAL BUY-BACK COST TO FARMERS (P /bag)																															

Notes:

- 1/ Refer to Exhibit 2
- 2/ The NFA-EETS-FOBB buying price may vary every six (6) months.
- 3/ Interest Expense based on prevailing average interest rate per annum charged to NFA borrowings
- 4/ Handling-in expense is based on two (2) moves taking into account prevailing rate in the area (from truck to scale – scale to pile)
- 5/ Rebagging fee, one (1) move; based on NFA rates.
- 6/ Cost of container, based on NFA cost of procurement.
- 7/ Cost of Pesticides, based on TRDD cost.
- 8/ Handling-out, based on two (2) moves (pile to scale – scale to truck) taking into account prevailing rate in the area.
- 9/ Warehouse rental, based on NFA approved rate.
- 10/ Insurance, based on actual cost/premium paid by NFA.



**NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
Project Steering Committee
Quezon City**

Profile Data Code : _____

**ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Selle's Application Form**

_____ Date

Name of Seller Depositor: _____

Type of Seller Depositor: _____ Individual Farmer _____ Farmer Organization/Cooperatives
_____ Others (Please specify) _____

NFA Accredited: _____ (Yes/No) If Yes, indicate Farmers Passbook No.: _____
Marketable Surplus: _____

Authorized Representative (if FO/FC/Corp.): _____

Address: _____ Contact Number: _____

Mobile Number (to be used in SMS communications): _____

Pin No.: _____ (6 digit number required)

Expected Schedule of Deliveries:

Date of Delivery: _____

Name of Authorized Representative: _____

Specimen Signature of Authorized Representative: _____

Quality: _____ Volume in bags: _____ Net Kg.: _____

Depository Warehouse: _____

Should this application be approved, the undersigned binds himself/itself to abide by the Deposit Agreement under the Enhanced Electronic Trading System for Corn Program.

I/We understand and willingly agree to the terms and conditions of the EETS Program.

Seller Depositor Applicant

(Signature over Printed Name)

Recommending Approval: _____

Approved: _____

CEx/DExPEX

Provincial Manager

ccs/



NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
Project Steering Committee
Quezon City

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Deposit Agreement

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT, executed this _____ day of _____ by and between the National Food Authority, a government owned and controlled corporation created pursuant to P.D. 4 as amended, with principal place of business at SRA Building, North Avenue, Diliman, Quezon City, represented by Provincial Manager _____, hereinafter referred to as FIRST PARTY;

-and-

_____, Farmers Organization duly accredited of business at _____, duly represented herein by its resolution dated _____ which is hereto attached as Annex "A", and holder of NFA Master Passbook No. _____ hereinafter referred to as SECOND PARTY;

(In case of Individual Farmer)

_____, of legal age, married/single, residing at _____, holder of NFA Individual Passbook No. _____, issued at _____, on _____; hereinafter referred to as SECOND PARTY;

(In case of other suppliers/depositors)

_____, _____ with business at _____, duly represented herein by its resolution dated _____ which is hereto attached as Annex "A", hereinafter referred to as SECOND PARTY;

WITNESSETH

WHEREAS, the First Party is mandated to promote the integrated growth of the grains market industry;

WHEREAS, one of the modes of realizing the mandate is the Enhanced Electronic Trading System (EETS) where the First Party provides corn farmers and other corn suppliers access to marketing data and linkages with corn buyers at the right time and right place for better prices;

WHEREAS, the First Party has the infrastructure, computer network and manpower to serve as depository of corn produce as linkage between the corn farmer or supplier and the buyer;

WHEREAS, the Second Party is interested to participate in the Enhanced Electronic Trading System to avail of the highest possible price for its/his produce;

NOW THEREFORE, for and in consideration of the foregoing:

I. Second Party - hereby agrees to deposit his corn produce and the NFA to accept the deposit in trust under the following terms and conditions:

1. The Second Party shall deliver its/his yellow corn stocks not less than 100 bags of 50 kg/bag to the NFA designated warehouse;
2. The variety/quality of the corn shall be Grade 1 Yellow Corn, more specifically described as follows:

Moisture Content	: 14%
Purity	: 97 -100%
Max. Damaged Kernels	: 5%
Free from infestation	:

3. That in case stocks were deposited at NFA warehouse other than the designated NFA depository warehouse, applicable handling and transport cost shall be charged and collected from the Second Party;
4. The First Party may co-mingle the stocks with other stocks deposited under the project;

5. The First Party shall provide free storage for the first 30 calendar days reckoned from the date of actual deposit as indicated in the Warehouse Stock Receipt (WSR);
 6. That after the first 30 days the First Party shall charge and the Second Party shall pay storage fees determined by the First Party.
 7. That after 60 calendar days from the date the stocks were deposited the Second Party has the option to either sell under the project at the highest buying price or withdraw his stocks;
 8. That in case the Second Party withdraws his stocks, he shall pay storage fee, where applicable, and handling fee determined by the First Party;
 9. That unsold stocks when withdrawn by the Second Party shall be subject to shrinkage cost which accounts for loss in weight of the deposited stocks while in storage;
 10. Partial sale allowed.
- II. The Second Party shall sell its/his deposited stocks thru the Enhanced Electronic Trading System under the following terms and conditions:
1. Partial sale allowed.
 2. Upon deposit of stocks, the Second Party shall determine its/his selling price and indicate it in its/his Offer to Sell;
 3. Offer to Sell is valid until revised;
 4. Revisions shall take effect upon receipt if received before 8:30 A.M. of the same day. Otherwise, revisions shall take effect on the day following the receipt of the revisions;
 5. That the First Party guarantees payment of stocks if matched;
 6. First Party shall inform the Second Party of the matched sale and shall pay the Second Party the proceeds of the sale, less applicable Handling and Transport Cost and Storage Fee, etc., within four (4) working days after notification of the match.

III. In Case the offer of Second Party is not matched with a buyer, the Second Party has the option to withdraw the stocks and pay handling and transport cost and storage fee and other expenses the First Party may have incurred during storage or consider it sold to NFA under the FOBB price if the Second Party is an accredited Farmer/Farmer Organization. Otherwise, the Second Party shall be compelled to withdraw his stocks and pay handling and transport cost and storage fee and other expenses the First Party may have incurred.

Further Second Party agrees to pay the storage fees above indicated.

This Agreement remains in effect unless revoked by either party upon thirty (30) days prior written notice.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures this _____ of _____ at _____.

NATIONAL FOOD AUTHORITY

By:

Provincial Manager

Witnessed by:

NAME OF SELLER DEPOSITOR

By:

A C K N O W L E D G E M E N T

Republic of the Philippines)
_____) S.S

BEFORE ME, Notary Public for and in _____, this _____ day
of _____, personally appeared:

Name	CTC No.	Date/Place Issued
_____	_____	_____
_____	_____	_____
_____	_____	_____

known to me to be the same persons who executed the foregoing instrument which is a Deposit Agreement and they acknowledged to me that the same is their own, free and voluntary act and deed as well as that of the institutions they represent.

The foregoing instrument consist of four (4) pages including this page on which this Acknowledgment is written, and each and every page of which has been signed by the aforesaid parties, their witnesses, and sealed with my notarial seal.

IN WITNESS THEREOF, I have hereto set my hand and seal on the date and place above written.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of _____.



NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
Project Steering Committee
Quezon City

Transaction Code: _____

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Offer To Sell Form

This is to authorize the Agricultural Commodity Exchange System to sell my corn stocks deposited at NFA warehouse with a total volume of _____ kgs per WSR No./s _____ at P _____/kg. or higher.

I/We understand and voluntarily agree to abide by the rules and procedures of the EETS in matching offers as indicated at the back of this Offer.

This offer is valid until revoked/replaced by the undersigned.

Seller Depositor
(Signature over Printed Name)

Profile Data Code

Received by:

Date & Time Received:

CEX/DEX/PEX

Date & Time Posted: _____

Copy distribution:

- 1 – CEX/DEX/PEX
- 2 – Seller Depositor

ccs/

RULES AND PROCEDURES IN MATCHING OFFERS

1. From the available data on the Buyers and Sellers Board, CEx shall match buyers with sellers based on the approved matching criteria/procedures provided herein.
2. The buyers' bid shall always be used as the basis for matching. Priority shall be given to the buyer with the highest offered price.
3. In case price offers are not equally matched, the buyer's bid shall be matched with the seller offering a lower price closest to the buyer's bid. Basis for payment shall be the seller's quoted price.
4. If the choice is between or among sellers offering the same price, the offer with the earliest posting of Offer to Sell shall be matched to the buyer.
5. In the same manner, if the choice is between or among buyers with the same price offer, the buyer with the earliest posting of Bid to Buy shall be matched to the seller.
6. The volume/quantity of a buyer or a seller can be matched partially or in full. Offers of buyers/sellers whose volume have not been fully matched shall remain open for trading to the extent of the balance and shall retain their priority ranking under the first come-first serve basis.
7. Offers that are matched shall be marked SOLD in the trading boards. The CEx shall immediately notify the buyer that his bid has been matched and shall be asked to accomplish the Sales Order and pay the total purchase amount within two (2) working days upon notification of the match. If the buyer fails to pay the total purchase amount within two (2) working days, the buyer's commitment fee shall be forfeited and his offer shall be cancelled/delisted from the trading boards.
8. No partial payment shall be allowed. Delisting of sold lots from the Seller's and Buyer's Boards shall be effected only after one week after the transaction has been consummated.

This is to acknowledge that I/We have read, understood, and willingly agree to the above rules and procedures of the ACES in matching offers under the Enhanced Electronic Trading System.

Seller Depositor

(Signature over Printed Name)

ccs/



NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
Project Steering Committee
Quezon City

Profile Data Code : _____

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Buyer's Application Form

_____ Date

Name of Buyer: _____

Type of Buyer: ___Feedmiller ___Hog Raiser ___Others (Please specify)_____

Authorized Representative (if Coop/Corp.): _____

Address: _____ Contact Number: _____

Mobile Number (to be used in SMS communications): _____

Pin No.: _____ (6 digit number required)

Expected Schedule of Purchases:

Date of Pick-up: _____

Name of Authorized Representative: _____

Specimen Signature of Authorized Representative: _____

Quality: _____ Volume: in bags: _____ Net Kg.: _____

Withdrawal Warehouse: _____

Should this application be approved, the undersigned binds himself/itself to abide by the Matching rules and procedures under the Enhanced Electronic Trading System for Corn Program.

I/We understand and willingly agree to the terms and conditions of the EETS Program.

Buyer Applicant
(Signature over Printed Name)

Recommending Approval:

Approved:

CEx/DEx/PEx

Provincial Manager



**NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
Project Steering Committee
Quezon City**

Transaction Code: _____

**ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Bid To Buy Form**

I/We _____ (Name of buyer/s) as Buyer under the Enhanced Electronic Trading System _____ (Organization) with address at _____ bid to buy corn of _____ (volume in bags) at P _____/kg, to be withdrawn at _____. I/We hereby agree to abide with the following terms and conditions:

1. That the above offered buying price shall remain valid unless I/we execute a new Bid to Buy Form. I/We agree to amend our bid price only once a day and to be submitted for posting on the Buyers' Board before 10:30 A.M. of the same day. Otherwise, the new bid price shall be posted in the Buyers' Board the following day;
2. I/We agree to pay the commitment fee equivalent to 10% of the total value of the corn intended to be purchased upon execution of this Offer to have my/our bid price posted in the Buyers' Board;
3. If this Bid is matched, I/we shall execute a Sales Order and pay the total purchase price in cash and/or Manager's/Cashier's Check within two (2) working days upon notification by the CEx/DEx/PEX, failure of which shall mean forfeiture of the commitment fee and cancellation of this offer;
4. I/We agree to withdraw the stocks within the schedule prescribed by NFA. Otherwise, I/we agree to be charged a daily storage fee at a rate set by the NFA.
5. Forfeiture of the commitment fee and cancellation of this offer due to My/Our failure to pay the total purchase price of the Bid as matched, shall not preclude ACES-EETS/NFA from taking proper legal actions against me/us to recover whatever losses may have been incurred as a consequence.

<p align="center">Buyer (Signature over Printed Name)</p>	<p align="center">Profile Data Code</p>	
<p>Commitment Fee Payment: Amount: _____ OR # : _____</p>		
<p>Received by:</p>	<p>Date & Time Received:</p>	<p>Date & Time Posted:</p>
<p align="center">CEx/DEx/PEX</p>		

RULES AND PROCEDURES IN MATCHING OFFERS

1. From the available data on the Buyers and Sellers Board, CEx shall match buyers with sellers based on the approved matching criteria/procedures provided herein.
2. The buyers' bid shall always be used as the basis for matching. Priority shall be given to the buyer with the highest offered price.
3. In case price offers are not equally matched, the buyer's bid shall be matched with the seller offering a lower price closest to the buyer's bid. Basis for payment shall be the seller's quoted price.
4. If the choice is between or among sellers offering the same price, the offer with the earliest posting of Offer to Sell shall be matched to the buyer.
5. In the same manner, if the choice is between or among buyers with the same price offer, the buyer with the earliest posting of Bid to Buy shall be matched to the seller.
6. The volume/quantity of a buyer or a seller can be matched partially or in full. Offers of buyers/sellers whose volume have not been fully matched shall remain open for trading to the extent of the balance and shall retain their priority ranking under the first come-first serve basis.
7. Offers that are matched shall be marked SOLD in the trading boards. The CEx shall immediately notify the buyer that his bid has been matched and shall be asked to accomplish the Sales Order and pay the total purchase amount within two (2) working days upon notification of the match. If the buyer fails to pay the total purchase amount within two (2) working days, the buyer's commitment fee shall be forfeited and his offer shall be cancelled/delisted from the trading boards.
8. No partial payment shall be allowed. Delisting of sold lots from the Seller's and Buyer's Boards shall be effected only after one week after the transaction has been consummated.

This is to acknowledge that I/We have read, understood, and willingly agree to the above rules and procedures of the ACES in matching offers under the Enhanced Electronic Trading System.

Buyer

(Signature over Printed Name)

Copy Distribution:

- 1 – CEx/DEx/PEx
- 2 - Buyer



NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
Project Steering Committee
Quezon City

Transaction Code: _____

ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
Change Price/Volume Form

Name of Client: _____

Client Type: _____ Seller Depositor

This is to authorize the Agricultural Commodity Exchange System to sell my corn stocks deposited at NFA warehouse _____ per WSR No./s _____ at P _____/kg. or higher.

Client Type: _____ Buyer

I/We offer to buy corn of _____ (volume in bags) _____ at P _____/kg, to be withdrawn at _____.

This offer supersedes my/our Offer to Sell/Buy under Transaction Code _____ dated _____.

Seller Depositor/Buyer
(Signature over Printed Name)

Profile Data Code

Commitment Fee Payment: Amount: _____ OR # : _____

Received by:

Date & Time Received:

Date & Time Posted:

CEx/DEx/PEX

Copy Distribution:

1 – CEx/DEx/PEX

2 – Seller/Buyer

ccs/



**NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM
Project Steering Committee
Quezon City**

**ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN
SALES ORDER**

Name: _____ Profile Data Code: _____

Name of Authorized Representative: _____

Address: _____

Contact No.: _____ Mobile No.: _____

Seller's Code	Quantity	Price/kg	Value

Terms and Conditions of Purchase:

1. The undersigned shall pay the total purchase price in cash and/or Manager's/Cashier's Check within two (2) working days upon notification by the CEx/DEx/PEX, failure of which shall mean forfeiture of the commitment fee and cancellation of my/our offer.
2. The undersigned shall withdraw the above purchased stocks in accordance with the schedule set by the NFA.
3. The weight and quality of stocks indicated in the WSI shall be considered final upon acceptance of the buyer or his authorized representative at the time and place of withdrawal.

I understand and willingly agree to the terms and conditions of this purchase:

Sales Order Taken By:

Printed Name & Signature of Buyer

CEx/DEx/PEX

Date Signed

Date & Time Received



NATIONAL FOOD AUTHORITY
AGRICULTURAL COMMODITY EXCHANGE SYSTEM · ENHANCED ELECTRONIC TRADING SYSTEM FOR CORN

Weekly Status Report

_____ (Date)

PROVINCIAL CORN EXCHANGE CENTER _____

A. SELLERS

NAME OF DEPOSITOR	DEPOSITORY WAREHOUSE	LATEST DATE OF OFFER-TO-SELL	QTY. DEPOSITED (in kg)	PRICE OFFER (per kg)	REMARKS

B. BUYERS

NAME OF DEPOSITOR	WITHDRAWAL WAREHOUSE	LATEST DATE OF OFFER-TO-BUY	QTY. DEPOSITED (in kg)	QUOTED PRICE (per kg)	REMARKS

C. CONSUMATED SALES

BUYER	SELLER'S	QUANTITY (in kg)	PRICE (per kg)	REMARKS