

## CHAPTER 7 PHYSICAL DELIVERY

### RULE 701 REQUIREMENTS RELATING TO DELIVERY

#### RULE 701.1 MANNER OF PHYSICAL DELIVERY

- (1) During a trading session, an Identified Owner of the Approved Commodity may at any time, notify BMIS that it will take physical delivery of its Approved Commodity in accordance with the procedures specified by BMIS.
- (2) If after the Market closes, an Identified Owner fails to sell the Approved Commodity to BMIS, the Identified Owner is deemed to have notified BMIS of its wish to take physical delivery of the Approved Commodity. For the purpose of this Rule 701.1(2), Rule 701.3(1), Rule 701.3(4) and Rule 901.5(1), this event is referred to as “deemed notification”.
- (3) The Identified Owner taking physical delivery must produce the Delivery Document with any other documents as may be required under these Rules in relation to that particular Approved Commodity to take delivery of the Approved Commodity at the Specified Location.

#### RULE 701.2 APPRAISAL

- (1) An Identified Owner may perform an Appraisal of its Approved Commodity before accepting delivery.
- (2) If the Identified Owner intends to perform the Appraisal, the Identified Owner must notify BMIS of its intention. BMIS will then inform the CSP who must allow the Identified Owner access to the Approved Commodity to perform such Appraisal.
- (3) The Appraisal will be performed by a party appointed by the Identified Owner, and any dispute between the Identified Owner and the CSP with regard to the quality of the Approved Commodity will be dealt with in accordance with Rule 209 or where the Identified Owner is not a Participant, in accordance with the dispute resolution procedure agreed between the Identified Owner and the CSP.

#### RULE 701.3 ADMINISTRATION OF DELIVERY REQUEST

- (1) Upon receiving a notification or a deemed notification in the manner specified by BMIS for physical delivery of the Approved Commodity, the CSP will be notified through the BSAS System. The CSP must deliver to BMIS the Delivery Document in the manner and within the time as specified by BMIS.
- (2) If a CSP fails to fulfill Rule 701.3(1) within the period stipulated, BMIS will use its best endeavours to procure delivery of a Delivery Document from another CSP to fulfill the request.
- (3) Notwithstanding Rule 701.3(2):
  - (a) BMIS may provide a cash settlement in the amount specified by BMIS in lieu of the delivery of the Approved Commodity and such settlement is deemed to be the full and final settlement by BMIS in lieu of such delivery of the Approved Commodity;
  - (b) the responsibility of the CSP to deliver the Delivery Document is not in any way diminished; and

- (c) the liability of the CSP for such non-delivery of the Delivery Document is not in any way reduced or absolved.
- (4) If a CTP indicates to BMIS that it does not want to take delivery of the Approved Commodity after providing the notification or deemed notification of its intention to take physical delivery of the Approved Commodity and fails to pay for the Approved Commodity within the period specified by BMIS:
  - (a) the CSP is free to deal with the Approved Commodity in any manner the CSP thinks fit; and
  - (b) the CTP must compensate the CSP for all reasonable cost incurred by the CSP in storing the Approved Commodity in anticipation of the CTP taking delivery of the Approved Commodity.

## **RULE 702 LIABILITY OF BMIS**

### **RULE 702.1 CESSATION OF BMIS' RESPONSIBILITY & EXCLUSION OF LIABILITY**

- (1) BMIS' responsibility in relation to the Approved Commodity will cease upon:
  - (a) delivery by BMIS of the Delivery Document to the relevant CTP; or
  - (b) payment of the cash settlement referred to in Rule 701.3(3)(a).
- (2) BMIS is not liable for any costs, expenses, losses, claims, damages or liability in connection with:
  - (a) the failure of delivery of the Approved Commodity to the CTP for whatsoever reason; or
  - (b) the non-compliance with the specifications of the Approved Commodity as set out in these Rules; or
  - (c) the cash settlement referred to in Rule 701.3(3)(a).

**[End of Chapter 7]**