
ACE BID VOLUME ONLY PROCEDURE AND REGULATION

To service the markets better ACE has introduced a Bid Volume Only (BVO) option. It is less restrictive on the buyer compared to the traditional Bid on the ACE trading platform. A BVO does not specify a price and buyer has right of refusal when bid period closes. The use of BVO facility will only be available to selected operators procuring large quantities on a regular basis. ACE management has the discretion to allow an operator to bid using BVO.

BVO is governed by the ACE rules and regulations and any dispute will subject to Arbitration as stipulated in the ACE rules of arbitration.

Procedure is as follow;

- 1) The BVO is posted on ACE trading platform
 - a. The buyer will sign a BVO agreement with ACE making the buyer a BVO holder. The BVO agreement authorises ACE to post BVOs on behalf of the BVO holder on ACE trading system.
 - b. The BVO agreement details all terms and conditions and ACE will place the BVO on the trade system accordingly and notify all stakeholders.
 - c. A BVO admin fee of USD 200 is applicable per BVO, but only payable if and when delivery has been made.
- 2) The BVO will include
 - a. Validity period
 - b. Specified volume
 - c. Specified grade/quality specification
 - d. Delivery location(s)
 - e. Packaging
 - f. Any special terms and buyer requirements.
- 3) When the BVO opens ACE will invite offers against the BVO
 - a. If the seller is a member of ACE, they can use their own registered broker to place offers against the BVO
 - b. If the seller is not a member of ACE, the Seller must sign a contract of agency with a registered broker. All terms governing the relationship between seller and broker must be stipulated in the contract of agency.
 - c. The broker places offers against the BVO as instructed by the contract of agency. Offers can be changed and adjusted at seller's discretion anytime during the BVO validity period. ACE will host a physical trading session at the ACE offices in Lilongwe; date and time will be advertised with the BVO notification. Brokers can place offers against a BVO anytime on www.bidvolumeonly.org and they do not need to be present at the physical trading sessions.

- d. Non members can for an interim period also access the BVO system through ACE. Please contact ACE on +265 1 710 204,
- e. The BVO system will automatic extend the BVO closing time, unless otherwise have been instructed by the BVO holder, if there a lot activity in the market. The current rule is called (2:3:5:3) This means that:
 - i. within the last 2 min of the trade session,
 - ii. 3 activities (an activity is a new offer introduced or an existing offer chanced) will
 - iii. extend the trade session 5 min
 - iv. a maximum of 3 times

4) When the BVO closes

- a. The BVO holder will assess the offers and has full discretion to accept partly or in full any offers that meets the BVO holder's expectation and anticipation of the market. The BVO holder must before end of business on the day the BVO closes notify the exchange of which offers the BVO holder accepts. The default acceptance period can be extended if it is clearly specified in the BVO special terms.
- b. ACE will generate the contract(s) for the accepted offer(s) and forward the contract(s) to the BVO holder and Seller(s). When performance is done and seller has met in full the obligations stipulated in the contact and all supporting documents have been received, ACE will invoice the BVO holder. The BVO holder must pay the contract value into the ACE settlement account and ACE will disburse funds to the seller and any third party as agreed.
- c. ACE will charge an exchange trading commission of 0.2% on all BVOs. The commission will be deducted from the contract value before disbursing the funds.
- d. Any administrative cost incurred by ACE such as bank transfer fees and courier services will be deducted from contract value upon settlement.

The BVO will always be open and transparent. All offers will be recorded and disseminated to all interested parties; ACE will keep records and will at any given point share all information to any interested parties. Information can be found on www.bidvolumeonly.org.