

DRAGONTREE RULES - COTTON

These Rules (“Rules”) form part of the User Agreement between Dragon Tree Commodity Trading Ltd and the Company.

1. Definitions

1.1 The following expressions used in these Rules have the meanings set out opposite them below.

Account Holder	any person to whom Credentials are Issued.
Administrator	an Account Holder designated as such (and as further described in Clause 5.3)
Affiliate	in relation to any entity (“first entity”), means any entity which Controls, is Controlled by, or is under common Control with the first entity.
Auction	an auction conducted through the Dragontree Platform in accordance with these Rules
Bid	an offer to buy made by a Buyer under these Rules.
Buyer	any entity offering to buy, or (if the context requires) who has entered into a Contract as buyer.
Buy it Now	an offer to sell at a specific price, which can be accepted and confirmed by any mutual partner prior to the start of an auction
Contract	a contract for the sale and purchase of cotton made through an Auction
Control	in relation to any company or other legal entity, the power of a person to secure that the affairs of that entity are conducted in accordance with the wishes of that person (a) by means of the holding of shares, or the possession of voting power, in or in relation to that or any other entity; or (b) by virtue of any powers conferred by the constitutional or corporate documents, or any other document, regulating that or any other entity, and " Controlled " shall be understood accordingly.
Credentials	the Username and Password of an Account Holder.
Current Highest Bid	as defined in Clause 0.
Current Highest Bidder	as defined in Clause 0.
ICA	the International Cotton Association
Max Bid	as defined in Clause 9.4

Minimum Increment	as defined in Clause 9.14.
Mutual Partner	as defined in Clause 6.8.
Offer	an offer to sell made by a Seller under these Rules.
Organisation	a group of Users designated as an Organisation on the Dragontree Platform (and in relation to the Company, means the Organisation (if any) of which the Company is a member.
Partner	as defined in Clause 6.1
Partner User Agreement	any user agreement between a Partner (or a member of its Organisation) and Dragontree
Password	a password allowing an Account Holders to access the platform.
Privileges	refers to (in the case of Administrators) those rights given by these Rules or the Dragontree Platform to Administrators and (in the case of other Account Holders) those rights given by these Rules or the Dragontree Platform, or assigned by an Administrator to such other Account Holders.
Representative	as defined in Clause 4
Risk Profile	as defined in Clause 6.6
Seller	an entity offering to sell or (if the context requires) who has entered into a Contract as seller.
Start Bid	as defined in Clause 9.4
User	any user of the Dragontree Platform which has entered into a User Agreement with Dragontree.
User Agreement	the User Agreement between the Company and Dragontree, of which these Rules form part.
Username	a username allowing an Account Holder to access the Dragontree Platform. It may be the Account Holders's email address.
Winning Bid	as defined in Clause 9.7, subject to Clause 9.11
Winning Bidder	as defined in Clause 9.7, subject to Clause 9.11

1.2 Expressions defined in the User Agreement have the same meaning in these Rules.

2. Traders on the Dragontree Platform

2.1 In consequence of the Company's entering into the User Agreement, the Company's Account Holders (in accordance with these Rules) may be permitted (subject to the extent of their respective Privileges) to cause Bids and Offers to be made on behalf of the following:

- (a) the Company; and
- (b) the other Users in the Company's Organisation;

2.2 Dragontree will identify all Users as belonging to one of the following market segments: Grower, Merchant or Consumer. These identifications are for information only and do not limit the capacity of any User on the Dragontree Platform.

3. **Organisations and Affiliates**

3.1 If the Company is or becomes an Affiliate of another User, it must immediately notify Dragontree of this fact. It must also notify Dragontree if it ceases to be an Affiliate of another User.

3.2 Dragontree may, but is not obliged to, on their written requests, group the Company and one or more Affiliates who are Users into an Organisation. Dragontree may also remove the Company (or any other User) from such Organisation if it considers (in its Discretion) that it is not an Affiliate of the other Users in the Organisation or dissolve any Organisation. The Company will promptly provide any information required to prove the establishment, continuation or ending of any Affiliate relationship of the Company with another User.

4. **Representative**

A Representative is any entity, which is not an Affiliate of the Company, appointed as the agent of the Company, who has been approved as such by Dragontree and who, if required by Dragontree, has entered into an agreement or undertaking with Dragontree regarding its appointment. Dragontree's approval of a Representative may be given, or revoked, in Dragontree's Discretion.

5. **Account Holders and Credentials**

5.1 Each of the Company's Account Holders must be an employee of the Company or of another User in its Organisation, or of a Representative, or must be a Representative. If an Account Holder at any time ceases to be such an employee or ceases to be a Representative, that Account Holder's Credentials must no longer be used, and the Company shall promptly notify Dragontree.

5.2 The Company will identify to Dragontree the Company's first Account Holder at the time the User Agreement is entered into. The first Account Holder will be an Administrator. The Company's other Account Holders will be appointed by its Administrator(s) as described below. Each Account Holder will set its own Credentials through Microsoft AD.

5.3 An Administrator may, through the Dragontree Platform:

- (a) place, edit and cancel Offers and Bids on behalf of the Company or other Users its Organisation;
- (b) add or remove Partners of the Company;
- (c) change the Risk Profile allocated to a Partner;
- (d) invite further Account Holders, and assign and modify the Privileges which they can exercise; and
- (e) do all such other things as are permitted to Administrators through the Dragontree Platform.

- 5.4 Once invited by an Administrator, a further Account Holder may, through the Dragontree Platform:
- (a) Place, edit and cancel Offers and Bids on behalf of such of the Company and other Users in its Organisation as the Privileges allocated to that Account Holder allow; and
 - (b) do all such other things as are permitted to that Account Holder according to the Privileges allocated to that Account Holder.
- 5.5 Once invited by an Administrator, a Representative may, through the Dragontree Platform:
- (a) place, edit and cancel Offers and Bids on behalf of the Company, as the Privileges allocated to that Representative allow; and
 - (b) do all such other things as are permitted to that Representative according to the Privileges allocated to that Representative.
- 5.6 The Privileges which can be granted by an Administrator at any given time are those permitted by the standard options which can be set on the Dragontree Platform from time to time. Such Privileges may not otherwise be increased or limited.
- 5.7 The Company acknowledges that all Credentials are created through Microsoft AD, and Dragontree does not have access to this information.
- 5.8 The Company is responsible for the actions and omissions of all its Account Holders, and the use of all Credentials of its Account Holders.
- 5.9 Dragontree may suspend or revoke any Credentials which it considers may be being abused or not used in accordance with the User Agreement and these Rules.
6. **Partners**
- 6.1 The Dragontree Platform enables the Company or its Representative to select Partners, which will be either individual entities, or as Organisations. If the Company selects a Partner, this indicates that it and its Organisation are willing to trade with that Partner (or, where the Partner is an Organisation, each User in that Organisation).
- 6.2 If a User is a member of an Organisation, it is not possible to select it as a Partner individually.
- 6.3 The Company must at all times have selected at least five (5) partners ("**Partners**"). At any time when the Company is not in compliance with this Clause 6.3, its Account Holders will not be able to make any Bid or Offer.
- 6.4 The Company and all Users in its Organisation automatically share the same Partners.
- 6.5 The Company may at any time add to or remove its selected Partners, provided it remains in compliance with Clause 6.3. The Dragontree Platform will not allow a Partner to be added or removed or have its Risk Profile changed by the Company more than once in any 48 hour period.
- 6.6 The Company or another User in its Organisation must assign a risk profile ("**Risk Profile**") of "High", "Medium" or "Low" to each Partner. This Risk Profile is visible only to the the Company, the Users in its Organisation and their Account Holders. It is the Company's responsibility (and

not that of Dragontree) to determine what it shall consider “High” “Medium” and “Low” respectively.

- 6.7 By default, all Risk Profiles will be set as “High”.
- 6.8 Other Users of the Dragontree Platform may likewise select the Company (or its Organisation) as a Partner. Any Partner of the Company or its Organisation which makes such a selection is a "**Mutual Partner**".
- 6.9 The Dragontree Platform will not show to the Company or the Company's Account Holders the names of the Company's Mutual Partners, or their exact number, but may show to them, the current number of the Company's Mutual Partners to the nearest five (5).
- 6.10 In case the Company has appointed a Representative, that Representative will be able to access and edit the Partners for the Company and its associated Organisation.

7. **Offers and Bids**

- 7.1 An Offer may only be placed on behalf of a member of the Company's Organisation if it is currently in compliance with Clause 6.3
- 7.2 An Offer will be visible to all users (subject to any privilege limitations) of the Dragontree Platform. However, only those persons permitted by Clause 8.6 may make a Bid on such Offer.
- 7.3 All Offers and Bids appear on the Dragontree Platform anonymously. However:
- (a) all Offers will show whether the Seller is a Grower, a Merchant or a Consumer; and
 - (b) the Account Holders of the Company and other Users in its Organisation (to the extent permitted by their Privileges) will be able to see the activity of the Company and Users in its Organisation who are Sellers or Bidders in any Auction, and other data relating to their activity and trading.
- 7.4 The Dragontree Platform does not match Bids and Offers.
- 7.5 An Affiliate of a Seller in an Auction must not make a Bid in that Auction.
- 7.6 If a Representative represents any User who is the Seller (or an Affiliate of it) in an Auction (whether or not the Representative or any of its employees was responsible for making the Offer in that Auction), that Representative (or any Account Holder employed by it) may not make or amend a Bid in that Auction.
- 7.7 None of the Company's Account Holders may make or amend a Bid in any Auction in which the Company or any of its Affiliates (whether or not in the Company's Organisation) is the Seller.

8. **Making of Offers**

- 8.1 An Offer is made by entering the necessary details on the Dragontree Platform. These are:
- (a) the identity of the Seller;
 - (b) the start time ("**Start Time**") of the Auction (which shall be on the hour (Universal Time)) and during hours which Dragontree permits for Auctions, as indicated on the Dragontree Platform;

- (c) [whether the Offer is made flat price (in USD, EUR, BRL or AUD) (a “**Flat Price Offer**”) or on-call (only in USD c/lb) (an “**On-Call Offer**”),[in which case the Offer shall also state the cover months]; note that in certain geographies, due to local browser settings, a decimal point ‘.’ might be represented as a comma ‘,’ and the two should be considered interchangeable on Dragontree.
 - (d) the other details required by the Appendix to these Rules; and
 - (e) (optionally) a reserve price to apply to the Auction (a “**Reserve Price**”).
 - (f) (optionally) a Buy it Now price to apply to the Auction (a “**BiN Price**”).
- 8.2 For an On-Call Offers then only ICE (Intercontinental Exchange) Cotton #2 cover months of March (H), May (K), July (N) and December (Z) will be available as cover months, stipulating the calendar year by the last digit of the calendar year.
- 8.3 The Offer may, at Seller’s Discretion, also attach a Recap, prepared by the Seller to show the full HVI tested quality of the Offer. The quality shown in the Recap shall not be final unless the Recap, or Contract, expressly states this is the case. The Recap must not (i) contradict the details entered at Clauses 8.1(a) to 8.1(e) and (ii) contain any information or terms except as expressly indicated in this Clause 8.3 (and without limitation to this must not contain any information or indication reasonably likely to cause the Seller or its Organisation to be identified).
- 8.4 The Reserve Price, or BiN price, may be changed at any time before the Start Time, but not afterwards. No other terms of an Offer may be changed after the invitations to the Auction have been sent.
- 8.5 An Offer may be withdrawn, and shall be of no further effect, at any time before the Start Time. The Reserve Price, or BiN price, may be amended at any time prior to the Start Time, without the Seller having to withdraw the Offer. No other term or terms of the Offer may be amended before the Start Time, except by withdrawing the Offer. After the Start Time, an Offer may not be withdrawn, and the Reserve Price may not be amended.
- 8.6 After the Offer has been made in accordance with Clauses 8.1 and 8.3, the Dragontree Platform will send an email to each Mutual Partner of the Seller inviting it to participate in the Auction, by clicking a link in the email and logging into the Dragontree Platform. The Buyers may also be notified via the Negotiation Centre and SMS, depending on their chosen preferences. Each such Mutual Partner shall be entitled to participate in the Auction as a Buyer in accordance with Clause 9 only if it (or one of its Affiliates) accepts the invitation, which may be done at any time before the end of the Auction. No other persons will receive invitations or be entitled to make Bids.
- 8.7 The acceptance of an invitation does not oblige the acceptor (or any of its Affiliates) to make a Bid or enter into a Contract.
- 8.8 The Dragontree Platform will not disclose which Mutual Partners have accepted the Invitation, but (if Dragontree elects to enable the necessary function on the Dragontree Platform) the Seller and its Affiliates may be able to see how many Mutual Partners have accepted the invitation.

9. Conduct of Auctions

- 9.1 Except for price, no term is negotiable before or during an Auction.
- 9.2 A Buyer may make a Bid at any time before the end of the Auction.
- 9.3 In case a BiN offer is made, a Buyer may make a Bid against a BiN Price, at any time before the Start Time directly to the Seller. The Seller may then make a counter Offer directly to the Buyer. In these circumstances, the Bid or the Offer are valid until confirmed, countered or cancelled (withdrawn). A Contract will be formed if the Seller confirms the Bid or if the Buyer confirms the Offer. Such a negotiation remains private between the Seller and the Buyer, unless confirmed at which point the final contract (no names) will be placed in Archive.
- 9.4 A Buyer may bid by stating the highest price it is willing to pay (a “**Max Bid**”). A Max Bid sets the maximum price that a Buyer is willing to pay in that Auction. The Dragontree Platform will manage the Max Bid so that the Buyer’s bid is increased by the Minimum Increment to maintain that Buyer as the Current Highest Bidder up to and including the Max Bid. A Buyer which has set a Max Bid may, before an Auction, also place an initial bid (a “**Start Bid**”). During an auction the Buyer may also place a **Bid**, using the “Place Bid” button, which is independent of the Max Bid. If the Buyer chooses to bid using the Place Bid function, then that Buyer’s price may increase by more than the Minimum Increment above the Current Highest Bid. If a Bid is placed and it is the high bid, then under no circumstances can it be lowered or withdrawn.
- 9.5 A Buyer may increase its Bid at any time before or during an Auction.
- 9.6 A Buyer may withdraw or decrease its Bid before or during an Auction, unless the Buyer is the Current Highest Bidder during a live Auction in which case it may not be withdrawn and may not be decreased below the Current Highest Bid.
- The **Current Highest Bidder** at any time during a live Auction is the User with the high bid as currently displayed on the Dragontree Platform in that Auction, and the **Current Highest Bid** at any time during an Auction is the high bid as currently displayed on the Dragontree Platform in that Auction. If a negotiation has taken place against a BiN price, then the Current Highest Bidder or the Current Highest Bid is the high bid within that negotiation. If a private negotiation takes place before an Auction commences, then the Buyer may withdraw the High Bid at any time, as long as it has not been confirmed by the Seller.
- 9.7 When the Auction closes (“**Auction Close**”)¹, the then Current Highest Bidder and the then Current Highest Bid become the **Winning Bidder** and the **Winning Bid**, respectively.
- 9.8 If the Seller did not set a Reserve Price, or a Reserve Price was set and the Winning Bid is equal to or exceeds the Reserve Price, then on Auction Close a Contract shall automatically be formed with the Winning Bidder.
- 9.9 If the Seller sets a BiN price, and if the BiN price is confirmed, then a Contract shall automatically be formed with the mutual partner who confirmed the BiN price.
- 9.10 If the Seller set a Reserve Price, and the Winning Bid is less than the Reserve Price:
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- (a) the Dragontree Platform will on the Auction Close indicate to the Seller the high bid at the end of the Auction; and
 - (b) The Seller may, within five (5) minutes after the Auction Close, choose the high bid, and such selection shall cause a Contract to be formed, and the Buyer which made that bid shall become the **Winning Bidder** and its highest bid shall become the **Winning Bid**. If no such selection is made, or if the high bid is rejected, then the Auction will close with no Contract being formed.
 - (c) The Seller may, within five (5) minutes after the Auction Close, choose to counter Offer the high bid, and such counter Offer will be valid for five (5) minutes only, unless confirmed. If the Buyer chooses to confirm this counter Offer then a Contract shall immediately be formed.
 - (d) In turn, the Buyer who was the high bid at the Auction Close may continue the negotiation after the Auction Close, and counter Bid the counter Offer from the Seller. Such counter Bid will be valid for five (5) minutes only, unless confirmed. If the Seller chooses to confirm this counter Bid then a Contract shall immediately be formed.
 - (e) Such a negotiation may continue after an Auction Close until either a Contract is formed or five (5) minutes expires with no activity. Counter bids and counter offers such as these may not be withdrawn or cancelled before the expiry of five (5) minutes.
- 9.11 If at the end of an Auction, there is more than one Current Highest Bidder, then the Winning Bidder or high bidder shall be the Buyer which submitted its Bid first, as conclusively determined by the timestamps on the Dragontree Platform, and on the basis that each increase or decrease of a Bid made by a Buyer shall be treated as a new Bid.
- 9.12 In case the seller sets a BiN price, then the first mutual partner to confirm this price will create a binding Contract. The BiN can be amended at any time before the start of an auction, but will be replaced by the Reserve Price when an auction starts.
- 9.13 Any mutual Partner may decide to make a Bid against a BiN price, in which case the Seller may confirm this Bid and form a Contract, or counter Offer this bid directly to that Partner. In case of a counter Offer, the Buyer may choose to continue the negotiation with a counter Bid, or to confirm the counter Offer, in which case a Contract if formed.
- 9.14 The “Minimum **Increment**” is an amount which depends on the denomination of the Offer:
- USD cents / lb is 0.1 usc/lb (whether Flat Price or On Call)
 - AUD / bale is 0.5 AUD/bale
 - EUR / KG is 0.25 eur/kg
 - BRL/lb is 0.005 BRL/lb
10. **Contracts**
- 10.1 Any Contract formed under these Rules:
- (a) shall be made on the terms of (i) the Offer and (ii) the current edition of the ICA Contract;

- (b) shall come into existence between the Seller making the Offer as seller, and the Winning Bidder as buyer, with the Winning Bid as the price.
- 10.2 All Contracts will be emailed to Seller and the successful Buyer. The Dragontree Platform will permit all Account Holders (unless restricted by their Privileges), and any nominated Representatives, to see the terms of all Contracts, but the Company's Account Holders will only be able to see the parties to a Contract where the Buyer or the Seller under that Contract is the Company or a User in its Organisation. All Account Holders will be able to see a summary of all historical trades, which will be anonymised.
- 10.3 Dragontree does not make any guarantee as to the execution or settlement of any Contract. Dragontree is neither a party to any Contract, nor involved in or responsible for any aspect of any Contract after the Auction is closed.

Appendix

Offer Terms

All Contracts will be subject to English law and ICA Rules, Bylaws and Arbitration unless Special Clauses state a different applicable law and dispute resolution method.

Each Offer will elect options from the following, using contract fields on the Dragontree Platform:

1. Origin, Growth and Quality

Origin/Growth refers to the geography and quality will allow a Seller to sell on Description, certain Private Types, HVI reading or to attach an HVI recap.

2. Staple – this uses a two digit code such that 36=1-1/8", 37=1-5/32" and so on

3. Micronaire

This will be available as a drop down for Min and Max. Average will also be available. It will default to 'No Control Limit' (NCL).

4. Strength

G/tex and then a Min and Max. Average will also be available. It will default to 'No Control Limit' (NCL).

5. Quantity

This will be available in metric tons (MT) or bales. In the case bales is chosen then the Seller must stipulate the average weight per bale to calculate a total contract Quantity

6. Price and Terms

Price can be denominated in USD cents per pound (USD C/LB) or in Euros per Kilogramme (EUR C/KG), BRL per pound (BRL/lb) or in Australian Dollars per Bale (AUD/BALE)

If the price is quoted in BRL/lb then unless otherwise stated, the price is not of ICMS tax and this ICMS tax must be added to the seller's invoice.

If the Seller defines a Pricing Method above, then all bids must follow this Pricing Method

Terms must be selected from one of the Incoterms 2010

7. Weight Basis

Weight can be Net Gin Weight Final (NGWF), Net Shipped Weight Final (NSWF) or Net Landed Weights Final (NLWF)

Weight variation can be offered as between 0% and 3 % +/-

8. Payment

Seller can draft their own Payment Clause or use the Template for CAD and L/C

9. Shipment

A drop-down menu will be provided for the start and end of the shipment period, and whether there are irregular intervals or they will be offered at equal intervals (equally)

10. Freight

Dragontree will always set this to 'FINAL' – whoever is paying the freight to the delivery or shipment point will be responsible for freight

11. Export duty or subsidy

Dragontree will state that an Export Subsidy or Duty is purely the responsibility of the Exporter and Import Duty is the Buyer's responsibility

12. Insurance

This field is free text

13. War Risk

This Field is free text

14. Special Clauses. This is the field where the Seller can state any specific clause which needs to be noted on the contract. It will be free text, and previous offers can be copied to save time.

NB if a recap is attached to the offer, and Recap is chosen as the desired quality then the staple field is no longer obligatory. The Recap details, unless otherwise mutually agreed, will define the contracted quality parameters.