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CME Group Announces the Launch of Cocoa Futures on CME Europe

- First physically delivered, euro-denominated Cocoa futures to provide ease of access and improved conditions for cash-market price convergence**
- U.S. dollar-denominated, cash-settled Cocoa futures to enable margin offsets and arbitrage between London and New York Cocoa markets**

LONDON, Jan. 27, 2015 /PRNewswire/ -- [CME Group](#), the world's leading and most diverse derivatives marketplace, today announced the launch of a physically delivered and a financially settled cocoa futures contract. The launch of a cocoa futures contract for physical delivery will represent CME Group's first entry into deliverable soft commodities. These contracts will be listed on CME Group's European exchange, CME Europe, for first trade date on 30 March, 2015. Both contracts are authorised and approved by the United Kingdom (UK) Financial Conduct Authority.

The new Physically Delivered Cocoa futures contract (contract code CCP) will respond to demand from the cocoa market for an improved hedging mechanism that better reflects the underlying physical market. The contract design is a result of extensive consultation and collaboration with many of the leading participants in the international cocoa trade and industry.

Physically Delivered Cocoa futures will be the first contract to include pre-payment of delivery-out charges. This key feature will provide ease of access for receivers and therefore improved conditions for convergence between futures and cash-market prices. The new contract will be denominated in euros to ensure broad appeal to the global cocoa trade, from origin through to chocolate manufacturer.

"Many of the leading participants in the cocoa trade and industry would like to see a deliverable cocoa futures contract denominated in euros," said Cees Vermaas, Managing Director and CEO of CME Europe. "That dovetails with the reason why CME Europe is here - to provide risk management tools for customers in the European time zone."

CME Group will also launch a U.S. dollar-denominated, Cash-Settled Cocoa futures contract (contract code CCC) to provide customers with a cost-effective and efficient way to arbitrage between the London and New York cocoa futures markets. Customers will also be able to take advantage of the margin efficiencies available from having both contracts cleared by CME Clearing Europe.

Demand for cocoa products, especially chocolate, is expected to grow rapidly, and has the potential to outpace supply through 2020. These and other factors can lead to volatile prices and underscore the need for new contracts to enable global cocoa participants to better manage their risk from origin to finished product.

"Working with a broad cross section of industry participants over the last 18 months, our team has developed a deliverable cocoa futures contract that we believe will more accurately reflect the characteristics and practices of the physical cocoa market," said Jeffry Kuijpers, Executive Director, Agricultural Commodities, CME Group. "Our goal is to provide an enhanced hedging mechanism for commercial firms that trade and process cocoa as well as those who manufacture chocolate. As our deliverable contract is designed to provide better conditions for convergence with the underlying physical market, we're confident it can also offer a better pricing basis for origins seeking to market their crop."

In addition to providing an enhanced delivery basis, a number of other unique features have been built into CME Europe's new Physically Delivered Cocoa futures contract to offer market participants enhanced risk management capabilities. CME Europe will operate a first-of-its-kind electronic depository to manage warehouse warrants cost effectively. The contract will be priced against bulk and bagged cocoa to better reflect the physical market, where nearly 70 percent of European cocoa imports are shipped in bulk. Additionally, grading practices will be based on Federation of Cocoa Commerce Ltd (FCC) standards, bringing value from grading results closer to that of the underlying physical market.

The first listed month will be the July 2015 contract for both the physically and financially settled cocoa futures contracts.

These contracts will be subject to the rules of CME Europe and cleared via [CME Clearing Europe](#), CME Group's European clearing house. A complete list of products, members and product specifications can be found at <http://www.cmegroup.com/europe>.

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) is where the world comes to

manage risk. CME Group exchanges offer the widest range of global benchmark products across all major asset classes, including futures and options based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural commodities](#), [metals](#), [weather](#) and [real estate](#). CME Group brings buyers and sellers together through its [CME Globex®](#) electronic trading platform, its trading facilities in New York and Chicago, and through its London-based [CME Europe](#) derivatives exchange. CME Group also operates one of the world's leading central counterparty clearing providers through [CME Clearing](#) and [CME Clearing Europe](#), which offer clearing and settlement services across asset classes for exchange-traded contracts and over-the-counter derivatives transactions. These products and services ensure that businesses everywhere can substantially mitigate counterparty credit risk.

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