



REPUBLIC OF THE PHILIPPINES
SUGAR REGULATORY ADMINISTRATION
Araneta St., Singcang, Bacolod City



July 24, 2009

Sugar Order No. 15
Series of 2008-2009

Subject: **ADVANCE SWAPPING OF "A" TO "Dx" AND "D/Dx" TO "A"**

Whereas, Section 2(B) of Executive Order No. 18, Series of 1986 mandates the SRA to establish and maintain such balanced relation between production and requirement of sugar and such marketing conditions that will ensure stabilized price levels reasonably profitable to the producers and fair to consumers;

Whereas, Sugar Order No. 1, Series of 2008-2009, set an allocation of 10% for "A" or US Quota sugar and 7% for "D" or World Market sugar;

Whereas, the "D" or World Market sugar allocation was divided further into 4.5% for "Dx" or World Export Sugar and 2.5% for "De" or Sugar-based Food Exporters sugar as contained in Sugar Order No. 1-B, Series of 2008-2009;

Whereas, the "A", "D", and "Dx" sugar need to be physically exported, so that the early shipment of such sugar will ensure that only a reasonable volume of domestic sugar remains;

Whereas, an advance swap program that allows flexibility to its holders will hasten physical sugar exports of "A", "D", and "Dx" sugar;

NOW THEREFORE under and by virtue of the authority vested in the Sugar Regulatory Administration (SRA), the following is hereby ordered:

I. ADVANCE SWAPPING OF "A" to "Dx" and "D/Dx" to A

Section 1. Advance Swapping of "A" to "Dx" and vice-versa. The advance swapping of "A" to "Dx" and "D/Dx" to "A" shall be allowed. Verified "A", "D", and "Dx" shall likewise be eligible for advance swapping.

Section 2: Requirement for Prompt Shipment. The advance swapped "A" or "Dx" sugar must be shipped out within 90 days from the approval of its application for advance swapping.

Section 3: Replenishment Deadline. Replenishment to "A" or "Dx", as the appropriate sugar classification may be, is mandatory and must be completed on or before June 30, 2010.

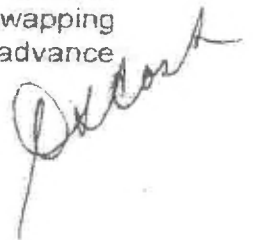
Section 4: Issuance of Bond. To ensure prompt shipment and replenishment, the applicant of the advance swap shall post an acceptable bond per SRA guidelines. The amount of the bond will be 10 Pesos/LKG or the result of the Variable Bond Formula below, whichever is higher:

Advance Swap Applied for	"A"	"Dx"
Variable Bond Formula (See attachments A, B & C and illustrated variable bond computation)	The closing price, for the earliest (nearby or front month) futures contract, of the A) Sugar #16 Futures minus 2.50 US cts/lb less the closing price of the B) Sugar #11 Futures, multiplied by the C) Philippine Dealing System weighted average US Dollar exchange rate, and then multiplied by the conversion rate of 1.10231. The closing prices and the exchange rate will be as of the trading day immediately preceding the date of application of the advance swap.	The closing price, for the earliest (nearby or front month) futures contract, of the B) Sugar #11 Futures less the closing price of the A) Sugar #16 Futures minus 2.50 US cts/lb, multiplied by the C) Philippine Dealing System weighted average US Dollar exchange rate, and then multiplied by the conversion rate of 1.10231. The closing prices and the exchange rate will be as of the trading day immediately preceding the date of application of the advance swap.

Section 5. Release or Forfeiture of Bond. The bond shall be forfeited in favor of the Sugar Regulatory Administration for failure to: a) ship the advance swapped "A" or "Dx" sugar within 90 days from its approved application, or b) replenish to "A" or "Dx" sugar, as the appropriate sugar classification may be, no later than June 30, 2010. If the two conditions set are met, the Bond shall be released based on existing SRA rules and regulations.

II. OTHER PROVISIONS

Section 6. The quedan-permits subject of advance swapping shall be charged with an Advance Swapping Fee of P2.50/LKg-bag pursuant to General Administrative Order No. 1, Series of 2002-2003. Further, the requirements for regular swapping applications per Circular Letter 31, Series of 1997-1998 shall apply to herein advance swapping.




Section 7. The quedan-permits subject of herein advance swapping shall be appropriately stamped as "SURCHARGED FOR WITHDRAWAL AS "A" (U.S. QUOTA SUGAR) PER SUGAR ORDER NO. 15, SERIES OF 2008-2009 DATED JUL 24 2009", or "SURCHARGED FOR WITHDRAWAL AS "Dx" (World Market Sugar) PER SUGAR ORDER NO. 15, SERIES OF 2008-2009 DATED JUL 24 2009".

Section 8. A Letter of Authority addressed to the concerned mill/refineries allowing/authorizing the withdrawal of "A" sugar as "Dx", or "D/Dx" sugar as "A" shall be issued by the SRA.

Section 9. Provisions of Sugar Orders, Circular Letters, rules and regulations contrary or inconsistent with this Sugar Order are hereby revised, modified or revoked accordingly.

Section 10. This Sugar Order shall take effect immediately.

BY AUTHORITY OF THE SUGAR BOARD


RAFAEL L. COSCOLLUELA
Administrator

**Illustration of Variable Bond Formula computation for
ADVANCE SWAP APPLICATION TO "A"**

Sugar #16 Price	23.39	per Attachment A
Minus	<u>2.50</u>	(FOBing Costs)
	20.89	
Less:		
Sugar #11 Price	<u>17.80</u>	per Attachment B
<i>Differential</i>	3.09	
Multiplied by:		
PDS Wt. Ave.	<u>48.077</u>	per Attachment C
	148.56	
Multiplied by:	<u>1.10231</u>	(=2.20462 x 50 / 100)
Amount of Bond	<u>163.76</u>	per LKG

**Illustration of Variable Bond Formula computation for
ADVANCE SWAP APPLICATION TO "Dx"**

Sugar #11 Price		17.80 per Attachment B
Less:		
Sugar #16 Price	23.39	per Attachment A
Minus	<u>2.50</u>	(FOBing Costs)
	20.89	
<i>Differential</i>	<u>-3.09</u>	
Multiplied by:		
PDS Wt. Ave.	<u>48.077</u>	per Attachment C
	-148.56	
Multiplied by:	<u>1.10231</u>	(=2.20462 x 50 / 100)
	<u>-163.76</u>	per LKG
Amount of Bond	<u>10.00</u>	per LKG

Attachment A



PRODUCTS MARKETS ENERGY SERVICES

Home Report Center

Category: **Daily Settlements** Market: **ICE Futures U.S.** Report: **ICE Futures U.S.**

Product: **Sugar No. 16**

Daily Settlement Prices for Sugar No. 16

2008-2009

Contract Month	Settlement Price	Change	Change %
SEP08	23.39		0.04
NOV08	23.41		0.00
JAN09	23.39		-0.02
MAR09	23.37		0.02
MAY09	23.49		0.04
JUL09	23.26		0.03
SEP09	23.26		0.03
NOV09	23.33		0.05
JAN10	23.10		0.05
MAR10	23.33		0.05
MAY10	23.31		0.05

2009-2010 Settlement Prices for ICE Futures U.S. (Contract Months are in bold)

Contract Month	Settlement Price
COX09	13.50
COX10	13.30
COX11	14.15
COX12	15.20
ICE New-Fx	15.00
Novem 2000	16.15
Novem 2000	16.15
Sugar 11	13.30
Sugar 10 and 16	14.00
U.S. Dollar Index	15.00

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Attachment B

Product: Report:

Category: Market:

Product:

ICE Futures U.S. - Copper May 12

Symbol	Open	High	Low	Close	Change
CB	177.00				0.04
CB	18.00				0.04
CB	19.00				0.04
CB	20.50				0.06
CB	18.07				0.07
CB	17.03				0.07
CB	17.00				0.05
CB	17.00				0.05
CB	17.01				0.05
CB	16.43				0.04
CB	16.25				0.04
CB	16.05				0.04
CB	15.48				0.04

NOTE: Settlement times for the ICE Futures U.S. contracts are as follows:

Contract	Settlement Time
Copper	11:00
Copper 12	10:30
Copper No. 2	10:15
ROOF	09:30
ICE May 09	09:00
Russell 2000	04:15
Russell 2000	04:15
Sugar 12	13:30
Sugar 14 and 16	14:00
U.S. Dollar Index	15:00

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Attachment C

<http://www.pdex.com.ph/>

PDS USDC/PHP Summary		Listing and Enrolment	
TODAY	7/21/2009	PREVIOUS	7/20/2009
OPEN	47.990	OPEN	47.980
OPEN TIME	09:00:24	OPEN TIME	09:00:37
HIGH	48.140	HIGH	47.990
LOW	47.980	LOW	47.890
CLOSE	48.040	CLOSE	47.970
AM WT. AVE.	48.079	AM WT. AVE.	47.929
AM VOLUME	345.740M	AM VOLUME	341.730M
PM WT. AVE.	48.075	PM WT. AVE.	47.978
PM VOLUME	273.000M	PM VOLUME	321.000M
PDS WT. AVE.	48.077	PDS WT. AVE.	47.947
TOT. VOLUME	618.740M	TOT. VOLUME	662.730M

FX SETTLEMENT RATE
48.079
7/21/2009

as of 16:15:05

FX Data is delayed by at least 15 minutes