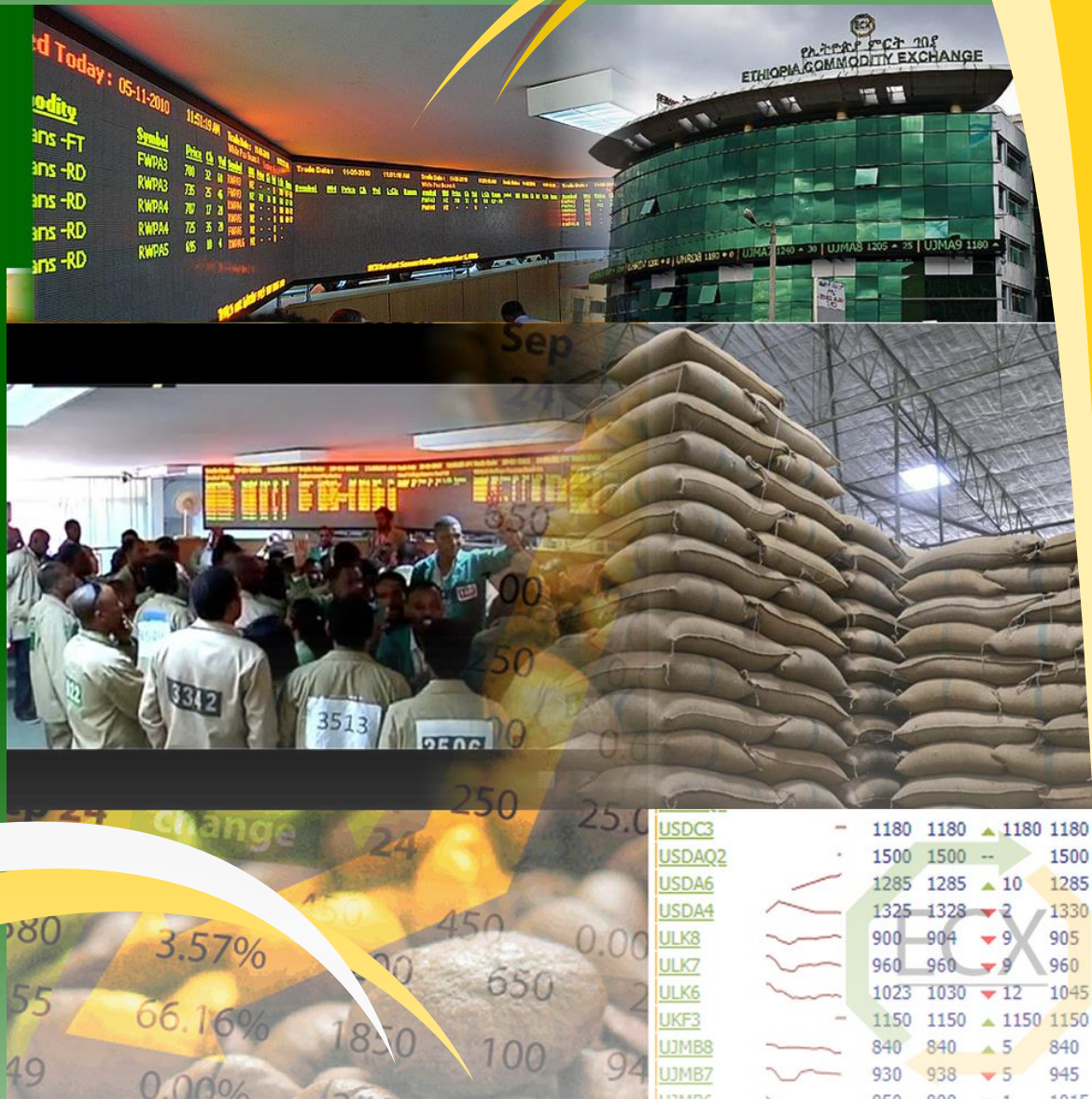


ZEMZEM TRADING HOUSE



INTRODUCTION PAMPHLET ON
ETHIOPIA COMMODITY EXCHANGE
«BROCHURE»



ETHIOPIA COMMODITY EXCHANGE
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ECX represents a new way of doing old business, bringing global standards of efficiency and reliability to the age-old domestic agricultural trade and, in the process, transforming Ethiopia.

ECX. Growing the Market and Growing Ethiopia.

ECX is a unique partnership initiative of market actors, the Members of the Exchange, and its main promoter, the government of Ethiopia, with a capital investment of Birr 194 million.

Want to know more?

Interested in membership?

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Website : www.ecx.com.et

The Ethiopia Commodity Exchange Authority is an independent government organ which upholds the law governing the market and keeps the interests of society. With this integrated approach, the ECX environment thus offers outstanding value to all market players in Ethiopia as well as to its global trading partners.

ECX TODAY

Ethiopia Commodity Exchange (ECX) launched its membership recruitment drive in January 2008 and commenced trading operations in April 2008. ECX membership is made up of an even mix of cooperative unions, industrial processing enterprises, commercial farmers, private exporters, and domestic trading firms engaged in the agricultural commodity business.

ECX enjoys wide national and global media attention with coverage by Wall Street Journal, Reuters, Bloomberg, Associated Press, Financial Times, VOA, Agence France Presse, Business Week, Der Spiegel, East African Standard, BBC, among others, as well as many of the Ethiopian print, radio, and TV media, indicating the interest and support for this initiative.

The Ethiopia Commodity Exchange launched trading operations with contracts for white and mixed maize, hard and soft wheat, processed and unprocessed haricot beans and began trading coffee in December 2008.

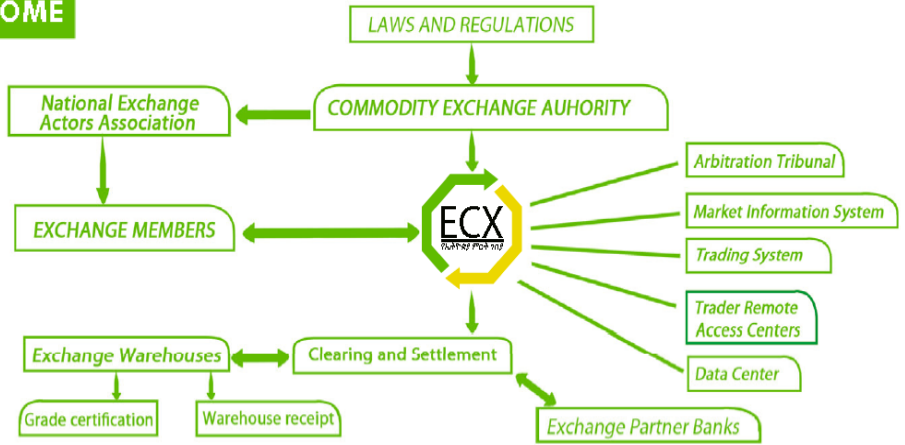
ECX is currently operating warehouses in Addis Ababa, Adama, Shashemene, Nekempte, Humera, Metema, and Bure. ECX is electronically transmitting market data from the trading sessions to market centers in Addis Ababa, Adama, Shashemene, Awassa, Nekempte, Mekelle, Bahir Dar, Gondar, Dessie, Dire Dawa, Harar, and Jimma. In addition, ECX has also developed a prototype for data dissemination using SMS and IVR (Interactive Voice Response).

The total number of banks that carryout ECX settlement activities has increased to six; they are Commercial Bank of Ethiopia (CBE), Dashen Bank, Awash International Bank, United Bank, NIB International Bank, Wegagen Bank and Bank of Abyssinia.

AN IDEA WHOSE TIME HAS COME

The Ethiopia Commodity Exchange, or ECX, is a marketplace, where buyers and sellers come together to trade, assured of quality, delivery and payment. The first of its kind in Ethiopia, ECX is a national multi-commodity exchange that:

- provides market integrity, by guaranteeing the product grade and quantity and operating a system of daily clearing and settling of contracts
- enhances market efficiency by operating a trading system where buyers and sellers can coordinate in a seamless way on the basis of standardized contracts
- enables market transparency by disseminating market information in real time to all market players, and
- allows risk management by offering contracts for future delivery, providing sellers and buyers a way to hedge against price risk.



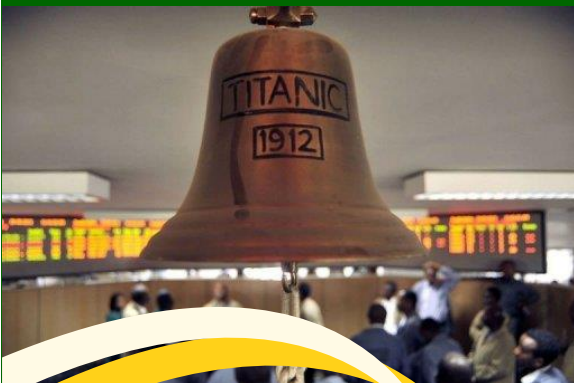
TRANSFORMING AGRICULTURE

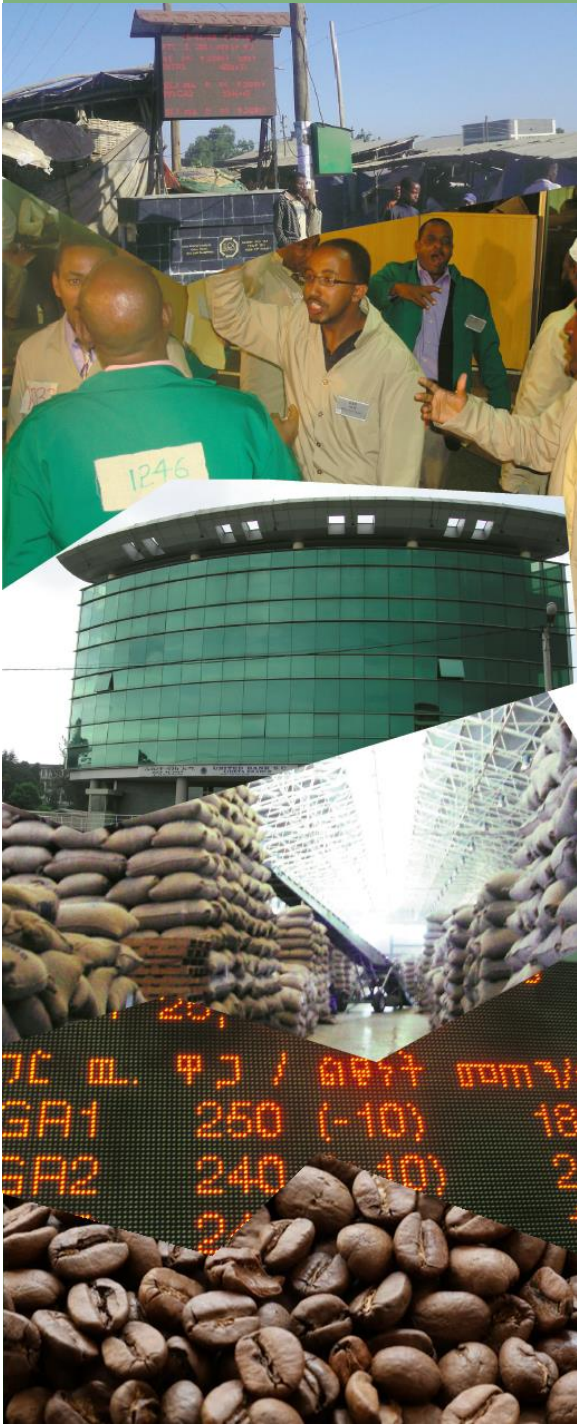
Agriculture has always been the backbone of Ethiopia's economy. Yet, lifting millions of Ethiopians out of poverty requires a transformation from centuries-old subsistence agriculture to dynamic, technology-driven, market-oriented production. This can only happen if the market itself functions in such a way as to serve the needs of all concerned.

Ethiopia's marketing system, like its agriculture, is based on age-old tradition. To date, agricultural markets have been characterized by high costs and high risks of transacting, forcing much of Ethiopia into global isolation. With only one third of output reaching the market, commodity buyers and sellers tend to trade only with those they know, to avoid the risk of being cheated or default. Trade is done on the basis of visual inspection because there is no assurance of product quality or quantity, which drives up marketing costs, leading to high consumer prices. For their part, small-scale farmers, who produce 95 percent of Ethiopia's output, come to market with little information and are at the mercy of merchants in the nearest and only market they know, unable to negotiate better prices or reduce their market risk.

As the third most populous country in Africa, Ethiopia represents a significant and growing market. Ethiopia's production of maize alone places it as the second largest maize producer in Africa, and a significant cereals producer with a total agricultural production volume of 14 million tons surpassing that of South Africa in recent years (at 11 million tons), where the only viable African commodity exchange exists.

It is time for a marketing system that coordinates better, that links faster, and that protects the interests of both sides of the trade. It is time for a marketing system that is transparent, efficient, and innovative. It is time for a marketing system that will take Ethiopian agriculture into the new Millennium. Ethiopia, once a commercial trading hub in antiquity linking markets of East and West, can again claim a place in the global market arena.





HOW ECX WORKS

ECX aims to provide the following low-cost, secure marketplace to benefit all participants.

- **Trading is on the basis of warehouse receipts issued by ECX operated warehouses** guaranteeing integrity of the products.
- **Standardized ECX commodity-based contracts** are provided which specify grade, delivery location, lot size, and other contract terms. The contracts will be either for immediate delivery or at a pre-specified date in the future.
- **A physical trading floor located in Addis Ababa**, where buyers and sellers participate in “open outcry” bidding for commodities, with electronic remote access to the trading system.
- **Electronic price tickers in rural areas**, where constantly changing market prices are communicated.
- **An internal system for clearing and settlement of contracts** which guarantees payment against delivery in collaboration with partner banks.
- **An arbitration tribunal with licensed arbitrators** to assure the speedy and professional resolution of any commercial disputes that may arise. Additionally, ECX maintains a system of **market surveillance** where experts monitor the behavior of market actors to protect the market from manipulation, excessive speculation, fraud, or other malpractice.

ECX OPERATIONS

ECX works on the basis of membership. Members buy seats that allow them to trade using ECX. By law, only members can trade on the Exchange; this simply means that nonmembers must use the services of a member to conduct trading.

Commodities at ECX warehouses are graded, weighed, and certified. ECX guarantees the grading of the commodities and maintains a central depository of warehouse receipts.

ECX clears the net obligations of all of the market participants and transmits orders to partner banks and warehouses to settle transactions through transferring funds in one direction and warehouse receipts in the other direction.

ECX transmits changing price information directly in real time to producers, consumers, and traders using electronic price tickers and the website.

The ECX design is unique in that it integrates the entire “eco-system” related to:

- The market, spanning the central trading system
- Warehouse delivery centers
- Product grade certification
- Clearing banks
- An arbitration tribunal
- A market information system linking rural sites
- Remote electronic trading centers
- A secure data center to manage membership and market information

An over-arching legal framework and a government regulatory agency ensure the viability of this entire integrated environment. This integration enables a country such as Ethiopia, where none of the individual components may exist as stand-alone institutions, to mutually support and reinforce the ECX market objectives.

In terms of actors, ECX Members and their associates are required to be registered with a national association of commodity professionals, which offers training and skills enhancement and maintains licensing and other professional standards.

Currently ECX is operating:

- Trading floor in Addis Ababa, Al-Sam Tower, off Mexico Square
- Trading Days: Monday - Friday
- Trading hours: 8:00 AM to 6:00 PM
- Warehouse delivery locations: in selected producing towns Addis Ababa, Adama, Shashemene, Nekempte, and Bure, Humera, Metema
- Electronic price tickers in major market towns Addis Ababa, Adama, Shashemene, Awassa, Nekempte, Mekelle, Bahir Dar, Gondar, Dessie, Dire Dawa, Harar, and Jimma
- ECX Settlement Banks, CBE, Dashen, Awash, United, NIB, Wegagen, Abyssinia
- Commodities Traded: Maize, Wheat, Pea Beans, Coffee.

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