



COCONUT DEVELOPMENT AUTHORITY **COPRA AUCTION RULES**

1. **Effective Date**

These rules shall apply any auction held on or after 1st June, 1991.

2. **Low of Sri Lanka**

The low of Sri Lanka shall apply to any auction unless these rules provide otherwise.

3. **Sales Room**

The Authority shall arrange to hold auctions at its sales room at no. 11, Duke Street, Colombo 01.

4. **Auction Day**

An auction shall be held on any working day that the Director / Marketing shall notify in advance.

5. **Auctioneer / Buyer / Seller registration**

Any auctioneer buyer or seller who intends participating at any auction shall apply to the Director / Marketing for registration in the prescribed form obtainable from the authority, at least 7 working days prior to commencing such participation.

The fees, qualifications, terms and conditions for such registration shall be determined by the authority under its annual registration scheme.

The authority may refuse to register, or may remove from the register after registration, the name of any auctioneer, buyer or seller. But any aggrieved person may appeal to the Minister against such refusal or removal within 7 working days after being told thereof.

6. **Grading**

Any lot and the sample thereof shall be graded to conform to Sri Lanka standard 612 : 1983, in which the grades are ;

- a) White Edible
- b) Edible
- c) Milling Superior Nos. 1,2, & 3
- d) Milling Ordinary Nos. 1,2,3 & 4

The Director / Marketing shall ensure that any sample is correctly graded.

7. **Maximum Lot Size**

The maximum lot size shall be 25 tonnes.

8. **Auctioneer's Catalogue**

By 9.00 a.m. on any auction day any auctioneer who intends offering copra for sale thereon shall deliver to the Director / Marketing a typewritten catalogue in duplicate stating these details:

- a) Auction date.
- b) Auctioneer's name
- c) Last normal advance payment date
- d) For any lot – Seller's name, auctioneer's Lot numbers, mark, grade, quantity and name of advance payment payee.
- e) Auctioneer's signature.

9. **Sample**

By 9.00 a.m. on any auction day any auctioneer who intends offering copra for sale thereon shall deliver to the Director / Marketing a sample of any lot thereof. Such sample shall be representative of the relative lot ; shall correspond with the relative grade description ; shall comprise at least 10 cups ; and shall be labeled and sealed. If any is sold, the relative sample shall become the property of the buyer thereof.

10. **Sample Label**

Any auctioneer shall ensure that any of his sample labels states these details ;

- a) Auction date
- b) Auctioneer's name
- c) Seller's name
- d) Auctioneer's Lot number
- e) Mark
- f) Grade
- g) Lot quantity

The Director / Marketing shall enter the Authority's serial number on any such label.

11. **Lot Fees**

When any auctioneer delivers his catalogue to the Director / Marketing, he shall pay the Authority a lot fee of Rs. 5/- per 100 Kgs or part thereof for any of his lots. The auctioneer shall recover the lot fee from the seller thereof.

12. **Brokerage Fee & Turnover Tax thereon**

Any seller shall pay any auctioneer brokerage of 1% of the net purchase proceeds of any of his lots sold by such auctioneer, and the Turnover Tax thereon.

13. **Sales room hours**

The sales room shall be open from 8.30 a.m. to 3.00 p.m. on any auction day.

14. **Sample Display**

The Director / Marketing shall display all the samples sent to him on any auction day in the sales room from 10.00 a.m. until the end of such auction.

15. **Authority's Catalogue**

By 10.45 a.m. on any auction day the Director / Marketing shall make available in the sales room enough copies of the Authority's catalogue, stating these details ;

- a) Auction date
- b) Order of sale among the auctioneers.
- c) For any lot – auctioneer's name, auctioneer's lot numbers, Authority's serial numbers , mark, grade, quantity and name of advance payment payee.
- d) Total quantity offered
- e) Last normal advance payment date.
- f) Next auction place, time and date.

16. **Auction Discipline**

The presiding officer shall control the conduct of any person at the auction, and may expel any person there from.

17. **Auction Start**

Any auction shall start at 11.00 a.m.

18. **Separate Contract for each Lot**

Any Lot in the Authority's catalogue shall be the subject of a separate sale / purchase contract, but two or more lots may be sold together with the consent of the relative sellers.

19. **Bid Start**

Bidding for any lot may start when relative auctioneer states that it is up for sale.

20. **Reserve Price**

Any auctioneer may state that any of his lots is sub ect to a reserve price.

21. **Chair Bid**

When any lot is up for sale, its auctioneer may announce any bid therefore which he has received from any absent registered buyer, and shall state the name of such buyer when asked to do so.

22. **Bid From**

Any bid for any lot shall be in Sri Lankan Rupees per 250 Kgs thereof. If any lot comprises more than one grade of Copra, the bid shall be for the highest grade therein ; and the bids for the other therein shall be deemed to be Rs. 100/- per 250 Kgs less for each successive

lower grade in Sri Lanka standard 612 : 1983, provided such other lower grades therein are not sold separately.

23. **Minimum Bid Rise**

The minimum bid rise shall be Rs. 10 per 250 Kgs. Over the next earlier bid for that lot, or such other sum as the Authority may notify in advance.

24. **Bide Rejection**

Any auctioneer may reject any bid for any of his lots.

25. **Bid Dispute**

Any auctioneer shall be the sole arbiter of any bid dispute for any of his lots.

26. **Sale Withdrawal**

Any auctioneer may withdraw any of his lots from any auction before any bid is registered therefore ; but any lot so withdrawn shall not be sold at such auction.

27. **Registered Bid & Buyer**

Subject to any bid rejection and dispute, the presiding officer shall register the highest bid which any lot is sold and the relative buyers' name, against such lot in his copy of the Authority's catalogue. If any auctioneer does not sell any lot, but only registers a bid therefore , then , subject to any bid rejection and dispute, within 30 minutes after the end of bidding at that auction, any buyer may register a higher bid and name against such lot in the presiding officer's copy of the Authority's catalogue. Any buyer who so registers the highest bid for any lot shall be the buyer thereof ; but the seller of any lot, or his agent , shall not be registered as the buyer thereof.

28. **Immediate Payment**

Before registering any bid for any of his lots any auctioneer may demand the immediate payment, even in cash , of the whole or part of the net purchase proceeds thereof.

29. **Signing Catalogue**

At the end of any auction any auctioneer shall sign presiding officer's copy of the Authority's catalogue against each of his lots therein sold / purchased as the agent of both the relative buyer and seller, in confirmation of the highest registered bid and the buyer's name entered therefore and of the contract between such buyer and seller.

30. **Published Auction Report**

By 2.30 p.m. on any auction day the Director / Marketing shall publish on a notice board in the Sales room, and inform the daily news papers of, these details ;

- a) Auction date
- b) Quantity of copra offered
- c) Quantity of copra sold

- d) Simple average price per 250 Kgs. of white Edible Copra
- e) Simple average price per 250 Kgs. of Edible copra
- f) Highest price per 250 Kgs. of MS no. 01 Copra
- g) Simple average price per 250 Kgs. of MS No. 01 Copra
- h) Simple average price per 250 Kgs. of MS No. 02 Copra
- i) Highest price per 250 Kgs. of MO No. 1 Copra
- j) Simple average price per 250 Kgs. of MO no. 01 Copra
- k) Next auction place, time and date

31. **Final Catalogue**

By 4.30 p.m. on any auction day the authority shall send to any auctioneer and buyer who participated at such auction, a copy of the final catalogue stating these details the details listed in Rule 30; and for each lot listed in the Authority's catalogue auctioneer's name, auctioneer's lot number ; Authority's serial number ; mark ; grade ; quantity ; if withdrawn that fact ; if sold, the price per 250 Kgs. and the buyer's name.

32. **Contact note form**

The contact note shall be substantially in form A hereto.

33. **Contract Note Despatch**

By 12.00 noon on the first working day immediately after any auction day, any auctioneer shall send to any buyer's and Seller's offices and stores one copy of any contract note relating to any such buyer or seller has bought or sold through such auctioneer on such auction day.

34. **Last Normal Advance Payment Time , Date & Amount**

By 4.00 p.m. on the third working day immediately after any auction day, any buyer shall deliver to any auctioneer's office cash or a separate remittance for the full estimated net purchase proceeds of any lot such buyer has bought through such auctioneer on such auction day.

35. **Advance payment remittance details**

Any buyer shall date the advance payment remittance on the day on which he delivers it to any auctioneer's office, shall cross it "A/C PAYEE ONLY NOT NEGOTIABLES" , and shall name such auctioneer as the payee unless such auctioneer has stated on the contract note that the seller should be the payee. Any auctioneer shall reject as invalid any such advance payment which does not comply with Rule 34, or any advance payment remittance which does not comply with Rules 34 & 35.

(a) **Payment Remittance 14 calendar days after delivery**

As an exception Rule 34 and 35 any auctioneer shall agree with any buyer to allow him to make payment remittance 14 calendar days after delivery of such lot provided such buyer have secured a valid irrevocable Bank Guarantee for sufficient value favouring the Chairman, CDA as surety for such purchases.

(b) **Copra Auction Sales Monitoring Committee**

There shall be a Copra Auction Sales Monitoring Committee consisting of representatives of Sellers, Buyers and Auctioneer / Brokers, which shall meet once in every two weeks. The presiding officer of such committee shall be the Director /

Marketing or his nominee. Such committee shall have the power to advise the Director / Marketing on any matter relating to payment defaults, encashing of Buyer's Bank Guarantee and any auction suspension.

36. **Cancellation order form**

The cancellation order shall be substantially in form B hereto.

37. **Advance payment failure**

If any buyer fails to make any advance payment by the time fixed in Rule 34, the relative seller may authorize the relative auctioneer to accept such payment by 4.00 p.m. one working day later than normal. If any buyer fails to make such payment by the last advance date, the relative auctioneer shall send one copy of the relative cancellation order to the relative buyer's and seller's office and stores on the working day immediately after such last advance payment date, informing such buyer and seller that such sale / purchase is cancelled ipso facto and that such seller may re-sell such lot ; and such seller may recover from such buyer the loss (If any) that such seller may incur on such re-sale, if such re-sale is made within 7 working days immediately after the date of such cancellation order.

38. **Delivery order form**

The delivery order shall be substantially in form C hereto.

39. **Delivery order dispatch – Advance payment by cash / broker's Draft / Marked Cheque**

If any advance payment is made by cash , banker's draft or marked cheque, by the last advance payment date , the auctioneer shall send one copy of the relative delivery order to the relative buyer's and seller's offices and stores on he working day immediately after the day on which such auctioneer receives such payment , instructions such seller to deliver the relative lot.

40. **Delivery order dispatch – Advance payment by unmarked cheque**

If any advance payment is made by unmarked cheque by the last advance payment date, the auctioneer may send one copy of the relative delivery order to the relative buyer's and seller's offices and stores on the working day immediately after the day on which such auctioneer receives such payment, instructing such seller to deliver the relative list. But such auctioneer may delay so sending the relative delivery order until the working day immediately after the date or which such cheque is paid on first presentation for payment ; and shall thereupon so inform such buyer.

(a) **Delivery order dispatch – Payment after 14 calendar days after delivery**

If there is an agreement under Rule 35A, the auctioneer shall send one copy of the relative delivery order to the relative buyer's and seller's offices and stores on the working – day immediately after the date of sale of the relative lot, instructing such seller to deliver such lot.

41. **Delivery order dispatch – Failure to pay advance payment unmarked cheque**

If any auctioneer delays sending any delivery order until after any advance payment unmarked cheque is paid on first presentation for payment and such cheque in not so paid,

such auctioneer shall send one copy of the relative cancellation order to the relative buyer's and seller's offices and stores on the working day immediately after the day on which such cheque is unpaid on first presentation for payment , instructing such as buyer and seller that such sale / purchase is ipso facto cancelled and that such seller may re-sell such lot ; and such seller may recover from such the loss (if any) that such seller may incur on such re-sale, if such re-sale is made within 7 working days immediately after the date of such cancellation order.

42. **Last Normal delivery date**

Any seller who receives any delivery order instructing him to deliver any lot mentioned therein, shall deliver such lot to the relative buyer's store on any working day within 5 working days immediately after the date of such delivery order but may delivery such lot on any non-working day within such period if the buyer agrees.

43. **Installment Delivery**

Any lot may be delivered in installments.

44. **Delivery Cost**

Any seller shall bear the cost of delivery of any lot from his store to any buyer's store.

45. **Unloading at buyer's store**

Any buyer shall weigh and unload any copra which he has bought at any auction and which is delivered to his store in time , if it arrives thereat before 3.00 p.m. on any working day or as otherwise agreed by such buyer and the seller. If any buyer refuse to so weigh and unload copra, or rejects it without complying with rule 50, the sale / purchase contract thereof shall be cancelled ipso facto ; such seller may re-sell such lot ; and such seller may recover from such buyer the loss (if any) that such seller may incur on such re-sale , if such re-sale is made within 7 working days after such refusal or rejection date.

46. **Minimum scale size**

Any registered buyer shall have in his store at least one weighing scale which can weigh at least 250 Kgs. copra at any one weighing.

47. **Copra Weighting**

Any seller or his agent may be present any buyer weighs such seller's copra , and may demand that the weighing scale shall be checked with duly stamped check weights.

48. **Sack**

Any sack in which any seller delivers copra to any buyer is the property of such seller and such shall return such sack to such seller immediately upon taking delivery of such copra.

49. **Transfer of property & Risk**

Any copra shall be the property of , and at the risk of, the seller, until the buyer takes delivery thereof ; but any buyer shall be liable to the seller in damage for any loss,

deterioration or destruction of any copra which such buyer receives into his store, even if he does not take delivery thereof.

50. **Quality / Quantity Dispute**

Within 1 day immediately after the delivery date of any lot, any buyer/ seller shall inform the relative auctioneer of any unresolved quality / quantity dispute. If such auctioneer fails to settle such dispute within 2 working days immediately after such delivery date he shall, within 3 working days immediately after such delivery date, refer such dispute to arbitration by a person nominated by the Director / Marketing. Such arbitrator shall make his award, which shall bind such buyer and seller, within 5 working days immediately after such delivery date. If such lot corresponds with its grade description but does not correspond with its sample, the buyer shall not reject it, but may claim a price reduction therefore. If such lot does not correspond with its grade description and sample, the buyer may reject it, such seller such buyer the weighting and unloading charges such buyer has incurred, before such seller removes such lot at his cost, such sale / purchase contract shall be cancelled ipso facto ; such seller may re sell such Lot ; and such buyer may recover from such seller the loss (if any) that such buyer may incur on buying copra equivalent in quality and quantity to the copra not delivered, if such replacement purchase is made within 7 working days immediately after such date of rejection.

51. **Delivery Failure**

If any seller receives a delivery order and fails to deliver his copra to any buyer by the time fixed in Rule 42, such buyer may repudiate the relative sale / purchase contract, or may demand that such seller shall deliver such copra within a further specified time and also pay such buyer damages of 0.1% of the net purchase proceed for each calendar day of delay. Such buyer shall inform the relative auctioneer in writing within 1 working day immediately after the last normal delivery date of the option and further time (if any) that he chooses, but if such buyer fails to so inform such auctioneer, such buyer shall be deemed to have repudiated such sale / purchase contract. If such buyer repudiates, or is deemed to have repudiated, such sale / purchase contract, such sale / purchase contract shall be cancelled ipso facto such seller may re-sell such copra, and such buyer / may recover from such seller the loss (if any) that such buyer may incur on buying copra equivalent in quality and quantity to the copra not delivered, if such replacement purchase is made within 7 working days immediately after such date of repudiation or deemed repudiation.

52. **Cancellation Form – Optional issue**

If any buyer or seller informs the relative auctioneer that any of his purchase / sale contracts has been cancelled under rule 50, or has been repudiated or deemed to have been repudiated under rule 51, such auctioneer may send one copy of the relative cancellation order to such buyer's and Seller's offices and stores on the working day immediately after the day on which he is so informed.

53. **Settlement with Seller advance payment in cash or by remittance payable to auctioneer**

If any advance, payment is made in cash or by a remittance payable to any auctioneer, by 4.00 p.m. the first working day immediately after the date on which any seller delivery to such auctioneer's office any buyer's stores receipt / goods received note for any lot such

seller has sold to such buyer through such auctioneer at any auction, such auctioneer shall settle such seller.

54. **Settlement with Seller – Advance Payment by remittance payable to seller**

If any advance payment is made by a remittance payable to any seller, by 4.00 p.m. on the first working immediately after the day on which such seller delivers to any auctioneer's office any buyer's stores Receipt / Goods received note for any lot such seller has sold to such buyer through such auctioneer at any auction, such auctioneer shall send such remittance to such seller ; but if such auctioneer then knows that the sum payable by such buyer to such seller is less than the value of such advance payment remittance, such auctioneer shall not send such advance payment remittance to such seller until such seller has delivered to such auctioneer's office a remittance for such difference payable to such seller and crossed "A/C PAYEE ONLY, NOT NEGOTIABLE".

55. **Account Sales Despatch**

By 4.00 p.m. on the first working day immediately after the day on which any seller delivers to any auctioneer's office any buyer's stores Receipt / Goods received not for any lot such seller has sold to such buyer through such Auctioneer at any auction, such auctioneer shall send to such buyer's and seller's office and stores one copy of an account sales for such lot.

56. **Final Settlement**

By 4.00 p.m. on the first working day immediately after the account sale date, any debtor who owes any sum thereon shall deliver to the relative auctioneer's office cash, or a separate remittance therefore payable to the auctioneer or to the creditor (If the advance payment remittance was payable to the seller) crossed "A/C PAYEE ONLY NOT NEGOTIABLE" for such sum. By 4.00 p.m. on the working day immediately after the day on which such auctioneer receives such final settlement , he shall settle such creditor, or send to such creditor such final settlement remittance in favour or such creditor.

57. **Refund of Advance Payment**

If any sale / purchase contract is cancelled under Rule 45 or 50, or has been repudiated or deemed to have been repudiated under rule 51, by 4.00 p.m. on the second working day immediately after such cancellation or reputation date the relative a auctioneer shall refund the relative advance payment, or return the relative advance payment remittance , to the relative buyer.

58. **Re-Sale / Replacement purchase loss claim & settlement**

If any person incurs any re sale loss under Rule 37, 41 or 45 of any replacement purchase loss under Rule 50 or 51, he may notify the relative auctioneer of such loss within 2 working days immediately after incurring such loss. Such auctioneer shall notify the debtor of such loss within 2 working days immediately after such auctioneer receives notice thereof. By 4.00 p.m. on the third working day immediately such auctioneer so inform such debtor, such debtor shall deliver to such auctioneer's office cash, or a separate remittance for such loss payable to such auctioneer or to the creditor (if the advance payment remittance was payable to the seller) crossed "A/C PAYEE ONLY, NOT NEGOTIABLE, for such loss. By 4.00 p.m. on the working immediately after the day on which such auctioneer receives such

payment, he shall settle such creditor , or send to such creditor such remittance in favour of such creditor.

59. **Payment mode**

Any person shall make payment under these Rules in cash, or by a banker's draft or a cheque drawn by him on a bank branch that participates in the one day clearing at the Sri Lanka Automated clearing house, but any payee, or his auctioneer, may demand payment in cash , or by a banker's draft or marked cheque drawn on such a bank brance.

60. **Payment Failure**

If any debtor fails to make payment in time (except an advance payment –under rule 37) , he shall also pay the creditor damage of 0.1% of the sum in default for each calendar day of delay.

61. **Dishonoured Remittance**

If any remittance is dishonored on first presentation for payment , the drawer thereof shall also pay the payee damage of 01.% of the value thereof each calendar day of delay.

62. **Failure / Default & Auction Suspension**

If any person is guilty of any failure or default under these Rule (export under Rule 37,41,45,50 or 51 unless such guilty person foils to pay promptly the re-sale that the seller incurs, or the replacement purchase loss that the buyer incurs) , any person injured thereby or his auctioneer , may report such guilty person to the Director / Marketing. If the Director / Marketing is satisfied that such report is true , he

63. **Change of Sales room place & auction etc. times**

The Authority shall notify in advance any change in the sales room place (rule 3) or in the auction start or other related times (rules 8,9,13,14,15,17,30, or 31)

64. **Forward Sale**

A forward sale shall be any sale for which the last normal advance payment date is any date later than that fixed by rule 34. The auctioneer's and Authority's catalogue shall state a "demand auction day" for any such sale Rules 34, 35 & 37 shall apply thereto as if the words "auction day" therein are replaces by the words "deemed auction day"

65. **Interpretation**

In these Rules –

"Auctioneers" means person who holds a license to carry on the trade or business of an auctioneer, issued by the Colombo Municipal Council.

- “Authority” means the Coconut Development Authority, established under the Coconut Development Act No. 46 of 1971.
- “Buyer” means any person who buys, or offers to buy, copra at any auction.
- “Director / Marketing” means the Director / Marketing of the Authority.
- “gross purchase proceeds” means the multiple of the quantity of any lot and its highest registered bid expressed in Sri Lankan Rupees per kilogramme.
- “net purchase proceeds” means gross purchase proceeds less the unloading charge of cts. Per kg.
- “Person” mean any natural or juristic person, or any body of persons whether corporate or anincorporate.
- “presiding officer” means any person whom the Director / Marketing appoints to preside at any auction.
- “Quantity “ means the weight in kilogrammes.
- “seller” means any person who sells, or offers to sell, copra at any auction.

Words in the masculine gender include the feminine gender.

Words in the singular number include the plural number .

“Working day” means any day other than a Saturday, a Sunday , a Poya Holiday, a public holiday or a bank holiday.

Chairman
Coconut Development Authority

