

To fishermen and registered buyers

NORGES RÅFISKLAG'S REGULATORY FRAMEWORK RELATING TO AUCTIONS

This memo concerns Norges Råfisklag's regulations regarding auction of catches onboard fishing vessels and auction of fish and fish products from storage facilities situated in the sales organisation's district. The general principles on which the organisation's sales are based, cf. Section 2 of the Act relating to marketing of raw fish and regulations dated 29.6.1990 established pursuant to law, shall also apply to sales addressed in this memo.

For on-board frozen industrial shrimp, special auction rules apply, cf. memo no. 36/2008.

Furthermore, reference is made to the Department of Fisheries regulation dated 22.1.2003 relating to the duty of information regarding the landing and sale of fish, as well as the regulation established by royal resolution on 12.9.2003 relating to the duty of delivery for vessels granted a trawling license for cod.

The following stipulations otherwise apply:

1. For catches to be sold on auction according to these stipulations, the fisherman/supplier must, upon registering the catch, give a detailed specification of the quantities, sizes, quality, etc., of the catch. The fisherman is personally responsible for any complaints from the buyer arising as a result of insufficient or erroneous information.
2. All auction results are binding for both fisherman and buyer. However, the fisherman may, in advance of the auction, declare a certain reserve price, i.e. a lowest price accepted for the item at auction, and he may refuse the sale if all bids from buyers are lower than this reserve. All reserve prices must be declared upon registering the catch, cf. special rules that apply for joint auctions involving other sales organisations (Appendix 1). Reserve prices declared after the catch has been offered to buyers by the sales organisation will not be accepted.

Please note that Norges Råfisklag sells the catch on the fisherman's behalf. Once a sale has been confirmed to the highest bidder, the fisherman is obligated to deliver to said buyer. If not, the fisherman may be liable to claims for compensation from the buyer. However, cf. special rules that apply to joint auctions (Appendix 1).

3. If the buyer upon delivery finds that the quality or selection of the purchased goods to a significant degree differs from the catch offered, the fisherman/shipowner shall be liable for any complaints or claims for compensation. Complaints on frozen and/or processed fish auctioned from land-based storage facilities and frozen fish auctioned directly from the vessel shall be brought, without delay, unless justifiable, to the attention of the fisherman/shipowner, so that the shipowner's representative may be present during inspection of the goods. In regards to fresh fish, any complaints must be made immediately, upon reception of the goods, and before the delivery is completed and a contract note issued. Any corrections made to the contract note as a consequence of complaints must be done following an agreement to that effect between the buyer and the fisherman/shipowner.
4. For **auctions directly off the vessel**, the following special conditions apply: The fisherman must, upon registering the catch, specify the district to which the auction will be limited. For

joint auctions, involving Norges Råfisklag, Sunnmøre og Romsdal Fiskesalslag, and Vest-Norges Fiskesalslag, a separate regulatory framework has been established, cf. Appendix 1 to this memo.

5. For **auctions from storage facilities**, the following special conditions apply: The fisherman shall be responsible for unloading the catch. The fisherman shall further be liable for any costs incurred as a consequence of unloading the catch, such as storage facility rent in accordance with Item 3 in Appendix 2, transportation into storage, and insurance coverage for goods. All sales shall be made from storage facility, unless otherwise specified. Once the goods have been sold, the buyer shall be liable for any costs incurred. However, special conditions apply to storage facility rent. A landing note authorised by Norges Råfisklag shall be issued immediately upon landing any such catch. The fisherman and the recipient representative shall be responsible for making sure the landing note is completed in a correct manner and that said landing note is signed by the storage facility representative as well as the fisherman. Once the auction is over, Norges Råfisklag will issue a confirmation to the highest bidder. In regards to guarantees for catch settlement, reference is made to Item 5 in Appendix 2.

Special conditions regarding the auctioning of fish from storage facilities are described in Appendix 2 to this memo.

Catches are to be registered with one of the following offices:

Norges Råfisklag 9291 TROMSØ Phone: +47 77 66 01 008301 Telefax: +47 77 68 69 89 +47 77 66 01 20	Norges Råfisklag Postboks 130 SVOLVÆR Phone: +47 77 66 01 00 Telefax: +47 76 07 14 44	Norges Råfisklag Vågev. 6 6509 KRISTIANSUND Phone: +47 77 66 01 00 Telefax: +47 77 66 01 80
--	---	---

This memo shall come into force immediately. Memo no. 38/2004 is stricken.

Norges Råfisklag

Trygve Myrvang
Managing Director

Willy Godtliebsen

Appendix 1 to
Memo no. 33/2006
Tromsø, 06.12.2006

***GUIDELINES FOR
JOINT AUCTIONS
INVOLVING
NORGES RÅFISKLAG
(NORDMØRE)
SUNNMØRE OG ROMSDAL FISKESALSLAG
(SRF)
AND
VEST-NORGES FISKESALSLAG (VNF)***



**NORGES
RÅFISKLAG**



**Sunnmøre og Romsdal
Fiskesalsslagslag**

Vest-Norges Fiskesalsslagslag

POSTBOKS 83 - 6701 MÅLØY

As of January 1, 1997 (including changes and amendments adopted as of 1.1.1999, 10.06.1999, and 06.04.2004), NR, SRF, and VNF have agreed to this joint regulatory framework relating to auctions.

Registration

When a catch is registered for auction, the registration must contain as much accurate information as possible of its species, quantities, sizes, and quality. The fisherman shall be liable for any complaints made as a consequence of insufficient or erroneous information.

The registration **must** specify whether the catch is to be divided into auction packages, and whether these are to be put up for auction in the districts of other sales organisations as well. If the catch has been registered with more than one sales organisation, the rules of procedure for the sales organisation where the fish is delivered shall apply. Auction packages exceeding 25 tonnes must be delivered to the sales organisation district in which the auction package was sold.

The sales organisation receiving a fisherman's registration of a catch, shall, if requested, inform said fisherman of the current average prices and prices achieved at auction in the last few days. The sales organisation shall also forward the registration form to the sales organisation(s) in whose district(s) the fisherman would like the catch to go up for auction. Furthermore, each sales organisation is responsible for forwarding the registration form to its buyers.

Reserve prices

If a fisherman would like to put a reserve price on his goods at the auction, he **must** declare this upon registering his catch. Reserve prices declared after the sales organisation has offered the catch to buyers will not be accepted. The sales organisation may accept bids below the fisherman's reserve price.

Sales organisations will determine the time of auctions, but will insofar it is practical accommodate fishermen's wishes. It is important that the sales organisations receive catch registrations in due time before the actual auction.

Auction

In order to ensure efficient execution of the auctions, buyers may only place bids on the main species in a package.

- **As a rule, auction results are binding for both fisherman and buyer.**

-Exempt from this rule shall be situations when:

1. The auction result falls below the current average price for that specific period of time.
2. The fisherman has declared a reserve price not met during the auction.

The determining factor shall be whether the fisherman achieves a price in excess of the average price for the auction package as a whole. Some species may fall below the average price without affecting the auction result, as long as the value of the auction package as a whole exceeds the estimated average value.

Average price

Average prices for each species of fish, according to condition (fresh, frozen, salted) shall be calculated on the basis of quantities sold at auction in NR (Nordmøre), SRF, and VNF in the last 21 days. Average prices are established every Tuesday, and shall be valid the following seven days.

If the total value at auction falls **below** the estimated average price for the package in question, the sales organisation must confer with the fisherman regarding approval of the result.

- If the fisherman does not accept an auction result below the average price, or he has put a reserve price on the goods that has not been met, the fisherman may arrange with the sales organisation to put the catch in storage at his own expense and risk for sale at a later date, or he may present an asking price. If bids were made, the asking price must first be presented to the buyer with the highest bid for the auction package. If the shipowner/fisherman received an offer for the package after the auction was over, the buyer listed as the highest bidder must be asked whether or not he would like to match the offer.
- The fisherman may also demand that the auction package be put up for another auction. At this auction, the fisherman is bound by the auction result, as long as it exceeds the minimum price of the sales organisation to which the bid was made.

Please note that the sales organisations sell the catch on behalf of the fisherman. Once a sale has been confirmed to the highest bidder, and this bid exceeds the current average price or any reserve price set, the fisherman is obligated to deliver the catch in the sales district to which said buyer belongs if the package exceeds 25 tonnes. Fishermen failing to adhere to this stipulation will be met with severe disciplinary action, imposed collectively by the sales organisations.

Complaints:

Fresh fish

If the buyer upon delivery finds that the purchased goods to a significant degree differs from the catch offered, a complaint must be made immediately, upon reception of the goods, i.e. before the delivery is completed and a contract note issued. The buyer is obligated to have a representative present upon reception of the goods.

All complaints are matters that must be settled between the fisherman and the buyer. The sales organisation may be of assistance as a mediator between the parties, if the parties so request.

Frozen fish

If the goods are found to significantly differ from the terms of the contract, the **buyer** must bring this to the attention of **the fisherman/shipowner**. The sales organisation to which the catch was delivered is not the owner of, nor responsible for, the catch.

The buyer must present all complaints in writing to the fisherman/shipowner, with a copy sent to the sales organisation, immediately and without delay, unless justifiable, and no later than 14 days after receiving the contract note, or, if applicable, the certificate of sale. In special cases, where the buyer is prevented from inspecting the catch within the set time limit, this limit may be extended following an agreement to that effect with the shipowner and sales organisation. Furthermore, in order to make a complaint, the goods must still be in storage in Norway, so as to be available for inspection. In this regard, the buyer has a duty to inspect the goods within the set time limit and before the goods are exported.

The buyer may not claim defects he ought to have discovered upon inspection, unless the supplier has been grossly negligent. Any corrections made to the contract note as a consequence of complaints must be made by the sales organisation in accordance with an agreement to that effect between the buyer and the seller. All such corrections, however, require sufficient funds in the fisherman's/shipowner's subsidiary ledger at the sales organisation.

Jan Erik Strøm
Regional Director
Norges Råfisklag, Kristiansund

Jakob Sætre
Director
Sunnmøre og Romsdal Fiskesalslag

Magnar Aasebø
Direktor
Vest-Norges Fiskesalslag

GUIDELINES FOR NORGES RÅFISKLAG AUCTIONS OF ON-BOARD FROZEN FISH AND OTHER ON-BOARD FROZEN PRODUCTS FROM LAND-BASED STORAGE FACILITIES

These guidelines concern Norges Råfisklag auctions from storage facilities of on-board frozen fish and other on-board frozen products, with the exception of on-board frozen industrial shrimp, for which separate guidelines have been established.

1. REGISTRATION WITH THE SALES ORGANISATION

Vessels unloading fish to storage facilities for auction or other sale through Norges Råfisklag must, in due time and no less than 24 hours before landing, unless otherwise specified for that particular landing, register the catch with the sales organisation's office in:

⇒ Svolvær, switchboard no. +47 77660100, or contact the sales department directly, at phone no. +47 77660171/77660172, or via fax, on fax no. +47 76071444. Also, catches may be registered via e-mail, at lagerSV@rafisklaget.no, with the sales organisation's office in Svolvær.

Landings taking place during or immediately after weekends/holidays must be registered during the sales organisation's regular office hours, and no later than the last regular working day prior to the weekend/holiday.

Registrations must contain information on the place and time of unloading, as well as specific information on the composition of the catch. Any changes in relation to the original registration must be reported to the sales organisation's office immediately.

The sales organisation must be notified of any information regarding the regulation established by royal resolution on 12.9.2003 relating to the duty of delivery for vessels granted a trawling license for cod, if this information is of significance for the sale.

The captain and/or shipowner is authorised to register catches.

2. LANDING SITE

The sales organisation must be informed of the landing site upon registration. The vessel may choose from a list of approved neutral cold storage facilities, cf. www.rafisklaget.no. Once the landing is complete, the storage facility representative responsible for overseeing the landing must complete an authorised landing note, which is to be signed by the fisherman/supplier and the storage facility representative. The recipient/storage facility and the fisherman/supplier shall jointly be responsible for properly weighing the catch and completing the landing note, cf. Department of Fisheries regulation of 22.1.2003 relating to duty of information concerning landings and trading of fish, cf. Director General of Fisheries report, J-84-2006. The landing note forms the basis for quantities and selections to be sold. A copy of the landing note is to be sent to the sales organisation, both electronically and by telefax, at fax no. +47 76071444. The storage facility will then forward the original landing note via regular mail.

3. DISTRIBUTION OF COSTS BETWEEN SHIPOWNER AND BUYER

Any costs associated with unloading or transporting the catch into storage, renting space in the storage facility for the landing week, as well as for the following week (short term rent), and insuring the goods until the date of delivery, cf. Section 14 of the rules of procedure, are to be covered by the fisherman. If the scheduled delivery date falls outside the scope of short term rent as described above, the fisherman must

also cover additional storage facility rent until the date of delivery. For renting storage facility space in excess of the short-term period specified above, contact the cold storage facility in question. The buyer shall cover all costs associated with transporting the catch from the storage facility, pallets, further transport costs, insurance, and, if applicable, storage facility rent after the date of delivery. The buyer shall not have right of disposition of the goods until a guarantee/payment has been received, cf. Item 6 of the appendix.

The agreed upon price for on-board frozen products shall apply to the weight delivered, without making allowances for water content, cf. memo no. 36/2004.

4. AUCTION

The catch may, in collaboration with the fisherman, be divided into several packages. The catch is to be sold in accordance with the sorting done on-board the vessel, cf. the landing note. In cases where the vessel's sorting deviates from the organisation's list of goods, the classification of the contract note/statement/invoice may differ from the landing note/offer/sales certificate. If necessary, the sales organisation will request the cold storage facility to extract samples from the selection, which will be thawed and inspected, and the species distribution and number of blocks will be determined by the sales organisation in collaboration with the shipowner.

Offers are distributed to interested buyers. A time limit, within which bids may be made, is set. If applicable, the fisherman's reserve price may be listed on the offer. The buyer with the highest bid above the shipowner's reserve price will win the sale. If the auction fails to achieve the shipowner's reserve price, the shipowner/agent will determine whether to accept the bid(s) made or whether to put the catch up for auction again.

The offers may also be distributed without listing a reserve price. In such cases it will be up to the shipowner to accept or refuse bids made. In any event, the sales organisation's minimum prices must be met.

5. CERTIFICATE OF SALE/GUARANTEE/SETTLEMENT/RELEASE

As soon as the auction is over, the buyer who made the highest bid and won the sale will receive a temporary certificate of sale from the sales organisation, which must be signed and returned to the sales organisation by fax, on fax no. +47 76071444. If the buyer has not in advance made the necessary arrangements to provide a guarantee, he must be aware that final invoicing will not take place until said guarantee and the temporary certificate of sale are signed and submitted to the sales organisation. Buyers of these types of catches must provide a banker's guarantee for fulfilment of the contract terms, or pay the full value of the catch directly to the sales organisation. If such a guarantee for settlement is not provided within 24 hours of the end of the auction, the goods may, in collaboration with the shipowner, be offered to the buyer with the second highest bid, or the parties may discuss whether or not it is apposite to auction the goods again. Norges Råfisklag shall not, under any circumstances, be liable for any loss of value as a consequence of a resale. In instances where the buyer does not adhere to the set time limits for guarantee/payment, said buyer shall be liable for any costs incurred, such as storage facility rent, etc. On a case-by-case basis, the parties will consider whether or not the original buyer shall be liable for a possible loss of value upon resale of the goods. Buyers who do not adhere to sales organisation deadlines and requirements concerning guarantees/advance payment may be excluded from future auctions. The sales organisation will not issue a contract note and subsequent invoice and settlement until a guarantee has been provided or payment for the goods is at the organisation's disposal. Only once a guarantee for payment has been provided and the signed temporary certificate of sale has been received, will the goods be released from cold storage. At this time, right of disposition of the goods will be transferred from the fisherman/shipowner to the buyer (time of delivery).

6. COMPLAINTS

If the goods are found to significantly differ from the terms of the contract, the *buyer* must bring this to the attention of *the fisherman/shipowner*. Norges Råfisklag is not the owner of, nor responsible for, the catch,

cf. memo no. 33/2006, Items 1 and 2. Provisions of the Sale of Goods Act regarding defects in goods sold at auction, buyer's duty to inspect the goods, and complaints shall apply, with the following additional specifications:

The buyer must present all complaints in writing to the fisherman/shipowner, with a copy sent to Norges Råfisklag, immediately and without delay, unless justifiable, and no later than 14 days after receiving the certificate of sale. In special cases, where the buyer is prevented from inspecting the catch within the set time limit, this limit may be extended following an agreement to that effect with the shipowner and Norges Råfisklag. Furthermore, in order to make a complaint, the goods must still be in storage in Norway, so as to be available for inspection. In this regard, the buyer has a duty to inspect the goods within the set time limit and before the goods are exported. Any corrections made to the contract note as a consequence of complaints must be made by the sales organisation in accordance with an agreement to that effect between the buyer and the seller. All such corrections, however, require sufficient funds in the fisherman's/shipowner's subsidiary ledger at the sales organisation. Norges Råfisklag shall not be financially liable for any such coverage in connection with complaints.

In cases where the buyer finds it necessary to file claims against the supplier, the catch, or parts thereof, about which the complaint was made, cannot go into production until a resolution on the matter has been reached with the shipowner. If the buyer believes it is necessary for the goods to go into production before any such resolution can be reached, there must be an agreement between the supplier and the buyer concerning further progress in the case.

The objective closing date for the submission of complaints regarding hidden defects is set to 1 month following the date of delivery.

Norges Råfisklag

Trygve Myrvang
Managing Director

Willy Godtliebsen