

April 21, 2008

Mr. David A. Stawik  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Re: Petition for an Exemption to Permit the Clearing of OTC Agricultural Swap Transactions and the Commingling of Customer Funds Associated with Such Transactions with other Funds Held in Segregated Accounts

Dear Mr. Stawik:

Chicago Mercantile Exchange Inc. ("CME") is a registered derivatives clearing organization ("DCO"). It provides clearing services for the Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange"). CME and CBOT hereby petition the Commodity Futures Trading Commission ("Commission") for an Order:

- (1) granting an exemption pursuant to Section 4(c) of the Commodity Exchange Act, as amended ("CEA"), and Commission Regulation 35.2, with respect to certain cleared-only OTC agricultural swap transactions; and
- (2) prescribing terms and conditions for the commingling of customer funds associated with such cleared-only OTC agricultural swap transactions pursuant to Section 4d of the CEA.

The exemptions would permit: (a) CBOT to specify the terms of the swap contracts; (b) CME to clear the contracts; and (c) CME and futures commission merchants ("FCM") to deposit customer funds associated with such contracts in customer segregated accounts.

I. The Exchange's OTC "cleared only" swaps

The CBOT currently lists the following OTC contracts for clearing: Denatured Fuel Ethanol Forward Month Swaps, Cash-Settled Options on Denatured Fuel Ethanol Forward Month

Calendar Swaps, Cash-settled Denatured Fuel Ethanol Options, New York Harbor Denatured Fuel Ethanol Basis Swaps; Gulf Coast Denatured Fuel Ethanol Basis Swaps, and Los Angeles Denatured Fuel Ethanol Basis Swaps.<sup>1</sup> The Exchange's suite of cleared-only Ethanol products are negotiated directly between counterparties in the OTC market, and are then entered into CME's clearing system by CBOT clearing members. The CBOT has filed a petition with the Commission to permit the commingling of customer funds used to margin these Ethanol products with other funds held in segregated accounts, which the Commission published for public comment on March 18, 2008, and which remains pending.

The contract specifications for a suite of OTC agricultural swap products that the CBOT proposes to list for clearing-only are attached in Exhibit A. These contracts include Corn Basis Swap contracts for the following regions: Eastern Iowa, Western Iowa, Southern Iowa, Eastern Nebraska, Eastern South Dakota, and Southern Minnesota; and Corn, Wheat and Soybean Calendar Swaps.

CBOT expects that the proposed Corn Basis and Calendar Swap clearing-only products will be a complement to the CBOT's Corn futures and will enable corn suppliers and users, including participants in the ethanol industry, to manage volatile basis risk while enjoying the benefits of centralized clearing. Similarly, we expect that our proposed Wheat and Soybean Calendar Swaps will complement Wheat and Soybean futures, respectively, and will result in similar benefits.

The contract size for the Basis and Calendar Swap products will be the same as that for Corn, Wheat and Soybean futures – 5,000 bushels. However, each of the proposed OTC clearing-only products will be cash-settled, in contrast to the CBOT's Corn, Wheat and Soybean futures contracts, which are physically-settled.

For the Corn Basis Swaps, the CBOT expects that cash price data will be provided by a market leader for prices, news, and information in the agricultural markets.<sup>2</sup> The cash price for each proposed Corn Basis Swap region will be an index defined as the average of the end-of-day cash bids from approximately 30 markets polled by the index provider in that region. The daily settlement price, other than settlement on the final settlement day or during the last five days of clearing, will be the cash price index for the relevant region minus the settlement price of the corresponding CBOT Corn futures contract on that day. The daily settlement price during the last five days of clearing, including the final settlement price, will be the cumulative average of the difference between the relevant cash price index and the settlement price of the corresponding

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<sup>1</sup> The CBOT began offering cleared-only Ethanol Calendar Swaps on December 4, 2006, and began offering cleared-only Ethanol Basis Swaps and Cash-Settled Ethanol Options and Calendar Swap Options on October 15, 2007.

<sup>2</sup> CME Group has entered into a confidentiality agreement with the proposed index provider and is negotiating the terms of a license agreement for using data compiled by the index provider for settlement purposes.

CBOT Corn futures contract over the last five clearing days. Since the index provider's data will be compiled at the end of the day, final settlement will be on the first business day following the last clearing day.

The Corn, Wheat and Soybean Calendar Swap settlement prices will be based on the settlement prices of the corresponding futures contracts. For example, a July Corn Calendar Swap settlement price will be based on the settlement price of the July Corn futures contract. However, during the month prior to the futures contract expiration, the calendar swap settlement price will become the cumulative average of the corresponding futures contract settlement prices. For example, during the month of June, the settlement price for the July Corn Calendar Swap will be the cumulative average of the July Corn futures contract settlement prices during the month of June. Final settlement will be on the final business day of the month prior to the corresponding futures contract expiration, and will be equal to the average settlement prices of the corresponding futures contract during the month prior to its expiration. For example, final settlement for a July Corn Calendar Swap will be on the last business day in June and will be equal to the average settlement prices for the July Corn futures contract during the month of June.

The Corn Basis Swaps and the Corn, Wheat and Soybean Calendar Swaps that are the subject of CME Group's Petition, like the CBOT's current OTC cleared-only Ethanol products, remain OTC products and are not converted or substituted into futures products.

II. The Commission's legal authority and precedent

A. Swap Exemption

The Commodity Futures Modernization Act of 2000 provided legal certainty for certain off-exchange "excluded swap transactions" (Section 2(g)), and for certain "transactions in exempt commodities" (Section 2(h)). Sections 2(g) and 2(h) do not cover transactions involving agricultural commodities. The Commission had previously adopted a swap exemption in its Part 35 Regulations that was superseded with respect to swap transactions involving exempt and excluded commodities by the CFMA. However, Part 35 continues to govern agricultural swaps. It affords relief from the exchange trading requirement of the CEA if:

- (a) the swap agreement is entered into solely between eligible swap participants at the time such persons enter into the swap agreement;
- (b) the swap agreement is not part of a fungible class of agreements that are standardized as to their material economic terms;
- (c) the creditworthiness of any party having an actual or potential obligation under the swap agreement would be a material consideration in entering into or determining the terms of the swap agreement, including pricing, cost, or credit enhancement terms of the swap agreement; and

- (d) the swap agreement is not entered into and traded on or through a multilateral transaction execution facility; . . . .

Regulation 35.2(a)-(d).

Regulation 35.2 also states that subsections (b) and (d) above shall not be deemed to preclude arrangements or facilities between the parties that provide for netting of payments or payment obligations and that any person may apply to the Commission for exemptions for other arrangements or facilities.

Section 4(c)(1) of the CEA provides that, “[i]n order to promote responsible economic or financial innovation and fair competition, . . .” the Commission may exempt contracts, and persons who provide services with respect to such contracts, from any applicable requirement that such contracts must be executed on a designated contract market or a registered derivatives transaction execution facility or from any other provision of the CEA (with certain specified exceptions). Section 4(c)(2) of the CEA indicates an exemption from the exchange trading requirement requires that the Commission determine that: (1) the exemption will be consistent with the public interest and the purposes of the CEA; and (2) the contract will be entered into solely between appropriate persons and will not have a material adverse effect on the ability of the Commission or the relevant market to discharge its regulatory or self-regulatory duties under the CEA.

Therefore, in order for a designated contract market (“DCM”) to list for clearing, and a DCO to clear, standardized agricultural swaps that are executed in OTC markets, it appears that they must seek an exemption under Section 4(c)(1) of the CEA, including an exemption from Sections (b) and (c) of Commission Regulation 35.2.<sup>3</sup>

#### B. Segregated Funds

Section 4d(a) of the CEA provides that:

. . . [i]t shall be unlawful for any person to engage as a futures commission merchant or introducing broker in soliciting orders or accepting orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market or derivatives transaction execution facility unless . . .

(2) such person shall, if a futures commission merchant, . . . treat and deal with all money, securities, and property received by such person to margin, guarantee, or secure the trades or contracts of any customer of such person, or accruing to such

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<sup>3</sup> The agricultural swaps that the CBOT proposes to offer for clearing would meet the requirements of Regulation 35.2 (a) and (d) in that they would be executed over-the-counter solely between eligible swap participants.

customer as the result of such trades or contracts, as belonging to such customer. Such money, securities, and property shall be separately accounted for and shall not be commingled with the funds of such commission merchant or be used to margin or guarantee the trades or contracts, or to secure or extend the credit, of any customer or person other than the one for whom the same are held.

Section 4d(b) of the CEA further states that:

... [i]t shall be unlawful for any person, including but not limited to any clearing agency of a contract market or derivatives transaction execution facility and any depository, that has received any money, securities, or property for deposit in a separate account as provided in paragraph (2) of this section, to hold, dispose of, or use any such money, securities, or property as belonging to the depositing futures commission merchant or any person other than the customers of such futures commission merchant.

However, Section 4d(a)(2) of the CEA provides that:

... in accordance with such terms and conditions as the Commission may prescribe by rule, regulation, or order, such money, securities, and property of the customers of such futures commission merchant may be commingled and deposited as provided in this section with any other money, securities, and property received by such futures commission merchant and required by the Commission to be separately accounted for and treated and dealt with as belonging to customers of such futures commission merchant.

Furthermore, Section 4(c)(1) of the CEA provides that, "[i]n order to promote responsible economic or financial innovation and fair competition, . . ." the Commission may exempt contracts, and persons who provide services with respect to such contracts, from any applicable requirement that such contracts must be executed on a designated contract market ("DCM") or a registered derivatives transaction execution facility or from any other provision of the CEA (with certain specified exceptions).

Therefore, the CEA provides the Commission with the authority to grant the relief requested herein. Moreover, the Commission has previously issued Orders under Section 4d of the CEA, permitting the New York Mercantile Exchange, Inc. ("NYMEX") and CME, and their clearing futures commission merchants, to commingle customer funds used to margin, secure, or guarantee OTC "cleared only" contracts with other funds held in segregated accounts, subject to specified terms and conditions.<sup>4</sup>

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<sup>4</sup> See Orders of the Commodity Futures Trading Commission dated May 30, 2002, and February 10, 2004, regarding "Treatment of Funds Held in Connection with the Clearing of Over-the-Counter Products by The New York Mercantile Exchange" and Order of the Commodity Futures Trading Commission dated March 3, 2006, regarding "Treatment of Funds Held in Connection with the Clearing of Over-the-Counter Products by Chicago Mercantile Exchange Inc."

III. The Proposed Basis and Calendar Swaps will be consistent with the public interest and the purposes of the CEA and will not have a material adverse effect on the ability of the Commission or the CBOT to discharge their respective regulatory and self-regulatory responsibilities

Many of the participants in the cash ethanol market, who are users of the CBOT's cleared-only OTC Ethanol products, have asked for similar corn basis products in order to assist them in managing increasingly volatile basis risk in the primary ethanol production areas. The proposed Corn Basis Swap regions are the same as the primary ethanol production areas. The expanding ethanol industry has contributed to multiple changes in the cash merchandising of corn. As the market evolves to serve new ethanol demand, as well as other factors such as increasingly expensive transportation and the emergence of China as a likely importer rather than exporter of corn in coming years, the basis in many locations has become volatile compared to historical basis observations. This volatility is likely to continue for several years as the markets evolve and adjust. Commercial and brokerage firms servicing this industry have reported increased OTC activity in managing volatile basis. Therefore, CBOT designed the proposed Corn Basis and Calendar Swap products to provide market participants with the ability to manage this risk with the benefit of centralized clearing by a registered DCO. Market participants have also expressed an interest in OTC cleared-only swaps involving other agricultural products, including wheat and soybeans, leading CBOT to develop the terms and conditions for OTC Wheat and Soybean Calendar Swaps.

Permitting the proposed Basis and Calendar Swaps to be traded in an OTC environment and to be cleared by the CME Clearing House will serve one of the key public interests identified in Section 3(a) of the CEA, ". . . by providing a means for managing and assuming price risks." In addition, the requested exemption will be consistent with the purposes of the CEA identified in Section 3(b), including promoting responsible innovation and fair competition, serving the public interest through a system of effective self-regulation under the oversight of the Commission, deterring and preventing price manipulation, ensuring the financial integrity of transactions and the avoidance of systemic risk, and protecting market participants from fraud and misuses of customer assets. The CBOT and the CME Clearing House are each subject to applicable Core Principles under the CEA, and as such, are subject to self-regulatory requirements under the Commission's oversight. The CEA's anti-fraud and anti-manipulation provisions will remain applicable to these transactions. Moreover, permitting CME to clear the proposed Corn, Wheat and Soybean Swaps will increase their financial integrity. Furthermore, the fact that the proposed swaps will be subject to all of the protections of the Clearing House will enhance the ability of the Commission and the Exchange to discharge their regulatory and self-regulatory responsibilities.

IV. Liquidity of the relevant underlying markets

The markets that underlie the proposed Corn Basis and Calendar Swap products are the highly liquid corn cash and futures markets and the rapidly growing ethanol market. Ethanol production in the four states that the basis swaps will be specified for, Iowa, Minnesota, Nebraska, and South Dakota, use 1,228.2 million bushels, 393.6 million bushels, 630.5 million bushels, and 316.6 million bushels of corn, respectively, for ethanol production per year. In addition, ethanol

production (based on operational ethanol plant capacities as of March 18, 2008) in Iowa, Minnesota, Nebraska, and South Dakota totaled 3,439.0 million gallons, 1,102.1 million gallons, 1,765.5 million gallons, and 885.0 million gallons, respectively.

In demonstrating the liquidity of the markets that underlie the proposed Corn Basis Swap products, it is also relevant to quantify the liquidity of the corn cash and futures markets, since a Corn Basis Swap will be priced as the difference between the cash price of corn in a given basis region and CBOT Corn futures. While data on cash market transactions is not available, a good indicator of liquidity is the notional size of the underlying corn cash markets in the regions specified in the basis swap products. The United States Department of Agriculture (USDA) reported data on corn production in the relevant regions for 2007 as follows: Northwest Iowa – 330.2 million bushels; Northeast Iowa – 285.8 million bushels; Southern Iowa – 419.8 million bushels; Eastern Nebraska – 345.8 million bushels; Eastern South Dakota – 356.8 million bushels; and Southern Minnesota – 702.8 million bushels.

Another measure of liquidity in the relevant markets that underlie the proposed Corn Basis Swap and the Corn, Soybean and Wheat Calendar Swap products is the volume and open interest of these CBOT futures and options contracts. During the month of March 2008, the average daily volume in CBOT Corn, Soybean and Wheat futures and options totaled approximately 293,000 Corn contracts per day (1.465 billion bushels), 208,000 Soybean contracts per day (1.040 billion bushels) and 89,000 Wheat contracts per day (445 million bushels). At the end of March 2008, open interest in CBOT Corn, Soybean and Wheat futures and delta adjusted options totaled approximately 2.27 million Corn contracts (11.35 billion bushels), 884,000 Soybean contracts (4.4 billion bushels) and 595,000 Wheat contracts (2.98 billion bushels).

Similarly, the 2007 average daily volume for Corn, Soybean and Wheat futures and options totaled approximately 275,000 contracts (1.375 billion bushels), 159,000 contracts (795 million bushels) and 93,000 contracts (465 million bushels), respectively. Open interest for Corn, Soybean and Wheat futures and delta adjusted options on the last trading day of 2007 was 1.82 million Corn contracts (9.1 billion bushels), 793,000 Soybean contracts (4.0 billion bushels) and 596,000 Wheat contracts (3.0 billion bushels).

#### V. Margin treatment

The CME Clearing House calculates performance bond/margin requirements for CME and CBOT clearing firms using its proprietary SPAN® (Standard Portfolio Analysis of Risk®)<sup>5</sup> software. The SPAN software has also been used for some time, and will continue to be used, for the purpose of determining customer level margin for CBOT products.

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<sup>5</sup> "SPAN" and "Standard Portfolio Analysis of Risk" are trademarks of Chicago Mercantile Exchange Inc. Chicago Mercantile Exchange Inc. assumes no liability in connection with the use of SPAN by any person or entity.

SPAN simulates the gains and losses of futures and options portfolios to determine their overall risk, under changing market conditions, using current and historical price and volatility data. CME reviews performance bond/margin requirements for CBOT products on a regular basis, and makes modifications, as appropriate. The futures maintenance performance bond/margin levels for CBOT and CME products cover expected one-day price moves at least 95% to 99% of the time, based on historical volatility. However, because the CME Clearing House routinely assesses its markets based on a number of factors in addition to the volatility of the markets, including concentration, event risk, and fat-tail risk (the risk of an unforeseen event occurring), among others, the actual performance bond/margin levels that are set by the CME Clearing House may exceed these levels on a product by product basis.

The CME Clearing House will continue to utilize its normal and customary margin procedures, as described above, with respect to the CBOT's proposed Corn Basis Swaps and Corn, Wheat and Soybean Calendar Swaps. Based on the expected correlation between Corn Basis Swaps and Corn, Wheat and Soybean Calendar Swaps, and Corn, Wheat and Soybean futures, respectively, the CME Clearing House may determine to apply inter-market spread credits for accounts with identical ownership that hold such spread positions.

#### VI. Risk Management and Financial Surveillance

The CME Clearing House, which clears all of the CBOT's products, and which will clear the proposed Corn Basis Swaps and Corn, Wheat and Soybean Calendar Swaps if the requested relief is granted, is in compliance with the Core Principles of the Act applicable to DCOs with respect to risk management and financial surveillance, and will continue to comply with those Core Principles.<sup>6</sup>

CME provides the financial guarantees for all CME and CBOT contracts that it clears. The CME Clearing House will use the same systems, procedures and processes to clear the proposed Corn Basis Swaps and Corn, Wheat and Soybean Calendar Swaps as it does for other CME Group products.

CME Group's annual Form 10-K financial statement, as of December 31, 2007, reflects the substantial financial and operational resources of CME Group and the CME Clearing House.<sup>7</sup> In 2007, the CME Clearing House cleared an average of 11.0 million transactions per day, and it moved an average of approximately \$2.2 billion in settlement funds through its clearing system on a daily basis. As of December 31, 2007, the aggregate performance bond deposits by all clearing

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<sup>6</sup> In particular, Core Principle B requires that a DCO must demonstrate that it "... has adequate financial, operational, and managerial resources to discharge the responsibilities of a [DCO]". Section 5b(c)(2)(B) of the Act. Core Principle D requires that a DCO must "... have the ability to manage the risks associated with discharging the responsibilities of a [DCO] through the use of appropriate tools and procedures." Section 5b(c)(2)(D) of the Act.

<sup>7</sup> The CME's Form 10-K, as of December 31, 2007, is available at <http://investor.cmegroup.com/investor-relations/financials.cfm>.

firms (in cash and securities) were approximately \$59.9 billion. Moreover, as of January 1, 2008, CME had a financial safeguards package of approximately \$5.2 billion, which consisted of the security deposits of CME and CBOT clearing firms, the value of pledged CME shares and CME and CBOT memberships, surplus funds, and CME's limited assessment powers. These additional assets would be available, if a clearing firm that is eligible to clear both CME and CBOT products were unable to meet its obligations to the CME Clearing House, after the application of the defaulting firm's performance bonds, security deposit and any other assets of that firm on deposit with or pledged to the CME Clearing House.

CME also has a secured, committed line of credit agreement with a consortium of domestic and international banks in the amount of \$800 million. The line of credit is collateralized by clearing members' security deposits, which were valued at approximately \$1.4 billion, as of December 31, 2007. The line of credit may be utilized to ensure that CME could pay settlement variation to CME or CBOT clearing members, if there is a temporary disruption of the domestic payments system that would delay settlements with such clearing members, or in the event of a CME or CBOT clearing member default.

The CME Clearing House will apply the same risk management practices and procedures to manage the risks associated with Corn Basis Swaps and Corn, Wheat and Soybean Calendar Swaps, as it utilizes with respect to the risks associated with other CME Group products. CME monitors the risk of CBOT and CME clearing member firms every day, in part through reviewing daily reports showing the combined settlements (pay/collect) from all domestic clearing houses for every clearing member firm, and comparing the applicable settlements to each such firm's regulatory capital. Thus, throughout the day, CME monitors the ability of each CBOT and CME clearing member to meet its daily settlements.

CME also performs major market move surveillance and stress testing for CBOT and CME clearing members. CME conducts risk-based financial examinations of those member FCMs for which it is the Designated Self-Regulatory Organization ("DSRO"), and for those CBOT member FCMs for which the CBOT is the DSRO. CME performs financial surveillance of all CME and CBOT Clearing Members, utilizing its sophisticated programs for analyzing financial statements to determine capital compliance and to detect unfavorable financial trends. CME also conducts periodic reviews of CME and CBOT Clearing Members' risk management practices, including such firms' liquidity needs, risk management procedures, and stress testing abilities, as necessary. In addition, the CME Clearing House routinely reviews the credit risk and credit rating of clearing member firms.

## VII. Terms and Conditions

CME Group seeks an exemption under Section 4(c)(1) of the Act, and Commission Regulation 35.2, that would permit the CME Clearing House to clear standardized OTC Corn, Wheat and Soybean Swap transactions that would be listed by the CBOT for clearing-only. CME Group also seeks an Order under the provisions of Sections 4(c)(1) and 4d(a)(2) of the Act to permit the commingling of customer funds relating to such OTC cleared-only Corn, Wheat and Soybean

Swap transactions in segregated accounts. The relief requested herein would be subject to the following terms, conditions and representations.

1. This relief will apply to, and is limited to, cleared-only OTC contracts in the following eligible products: Eastern Iowa Corn Basis Swaps, Western Iowa Corn Basis Swaps, Southern Iowa Corn Basis Swaps, Eastern Nebraska Corn Basis Swaps, Eastern South Dakota Corn Basis Swaps, Southern Minnesota Corn Basis Swaps, Corn Calendar Swaps, Wheat Calendar Swaps and Soybean Calendar Swaps.
2. The eligible products will be exempt from the requirements of Commission Regulation 35.2(b) and (c), but will remain subject to all other requirements of Part 35 of the Commission's Regulations.
3. The CBOT will adopt appropriate position accountability levels for each of its Corn Basis Swaps and Corn, Wheat and Soybean Calendar Swaps for single months and for all-months-combined.<sup>8</sup> The CBOT will also establish reportable levels for each of its Corn Basis Swaps and Corn, Wheat and Soybean Calendar Swaps of 25 contracts.
4. The CME Clearing House will apply appropriate risk management procedures to transactions and open interest in the eligible products. CME will conduct financial surveillance and oversight of FCMs clearing the eligible products, and the CME Clearing House and FCMs acting pursuant to this Order will take all other steps necessary and appropriate to manage risk related to clearing the eligible products.
5. Each eligible product will be marked-to-market on a daily basis, and final settlement prices will be established, as described in this submission.
6. The CBOT will make available volume, open interest and settlement price information for eligible products on a daily basis in the same manner as it does for contracts that are listed for trading on the CBOT.
7. The SPAN margining system will be applied to the eligible products, and customer margin rates will be set that are consistent with a 95% to 99% level of confidence that such margin rates would reflect the risk of price movement over a one-day period.
8. All money, securities, and property received by a participating FCM to margin, guarantee, or secure eligible products, shall be deemed to have been received by the participating FCM and shall be accounted for and treated and dealt with as belonging to the customers of the participating FCM consistently with Section 4d of the Act.
9. Subject to the terms and conditions herein, notwithstanding any provision to the contrary in the Commission's regulations (including, but not limited to, Regulations

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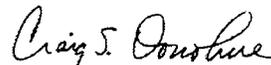
<sup>8</sup> All of these swap products would be cash-settled prior to the spot month.

1.20(a), 1.22 and 1.24), the money, securities, and property described herein may be commingled with money, securities, and property received by a participating FCM to margin, guarantee, or secure trades or positions in commodity futures or commodity option contracts executed on a Designated Contract Market or a Derivatives Transaction Execution Facility, or accruing as a result of such trades or contracts, and otherwise required to be segregated under the Act and Commission regulations.

10. Such relief shall not provide an exemption from any provision of the Act or Commission regulations not specified herein.

We would be happy to discuss this Petition with Commission staff. Please feel free to contact me at (312) 930-8275 or [Craig.Donohue@cmegroup.com](mailto:Craig.Donohue@cmegroup.com); Richard Lamm, Managing Director, Regulatory Counsel, at (312) 930-2041 or [Richard.Lamm@cmegroup.com](mailto:Richard.Lamm@cmegroup.com); Anne Polaski, Associate Director and Regulatory Counsel, at 312-338-2679 or [Anne.Polaski@cmegroup.com](mailto:Anne.Polaski@cmegroup.com); or David Lehman, Director, Commodity Research and Product Development, at (312) 347-3848 or [david.lehman@cmegroup.com](mailto:david.lehman@cmegroup.com). Thank you for your consideration.

Sincerely,



Craig S. Donohue  
Chief Executive Officer  
CME Group Inc.

cc: Acting Chairman Walter Lukken  
Commissioner Bart Chilton  
Commissioner Michael Dunn  
Commissioner Jill E. Sommers  
Martin Murray  
Robert Wasserman  
John Lawton  
Phyllis Dietz

**EXHIBIT A**

## **Chapter XX EASTERN NEBRASKA CORN BASIS SWAPS**

### **XX00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Eastern Nebraska Corn Basis Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Eastern Nebraska Corn Basis Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Eastern Nebraska Corn Basis Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

### **XX01. CONTRACT SPECIFICATIONS**

#### **XX01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels.

#### **XX01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Eastern Nebraska Corn Basis Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

#### **XX01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

#### **XX01.D. Months Cleared**

Clearing of Eastern Nebraska Corn Basis Swaps is regularly conducted in five different months – March, May, July, September, and December, but shall be permitted in the current delivery month plus any succeeding months. The number of months in which clearing may occur at one time shall be at the discretion of the Exchange.

#### **XX01.E. Reserved**

#### **XX01.F. Last Day of Clearing**

The last day of clearing of Eastern Nebraska Corn Basis Swaps deliverable in the current delivery month shall be two business days prior to the first calendar day of the delivery month.

#### **XX01.G. Liquidation during the Delivery Month**

After clearing of Eastern Nebraska Corn Basis Swaps in the current delivery month has ceased, in accordance with Rule XX01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule XX02.

**XX02. DELIVERY**

Delivery against Eastern Nebraska Corn Basis Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule XX05.) and shall be accomplished by cash settlement.

Clearing members holding open positions in Eastern Nebraska Corn Basis Swaps at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule XX03.).

**XX03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST FIVE DAYS OF CLEARING**

The final settlement price shall be determined on the last clearing day. Final settlement shall be the average of the daily Eastern Nebraska corn cash price index minus the settlement price of the corresponding CBOT Corn futures contract over the last five clearing days.

For example, final settlement for a July Eastern Nebraska Corn Basis Swap would be the average of daily Eastern Nebraska corn cash price indexes minus the daily July Corn futures contract settlement prices over the final five days of clearing, including the last clearing day (as defined in Rule XX01.F.).

Daily settlement during the last five days of clearing shall be the cumulative average of the difference between the Eastern Nebraska corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract over the last five clearing days.

**XX04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day (as described in Rule XX05.) or during the last five days of clearing shall be the preliminary Eastern Nebraska corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract on that day.

If the corn cash price index is not published on a particular clearing day, settlement on that day shall revert back to the settlement price on the first preceding business day.

**XX05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the first business day following the last clearing day (as defined in Rule XX01.F.).

**XX06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

## **Chapter XX EASTERN SOUTH DAKOTA CORN BASIS SWAPS**

### **XX00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Eastern South Dakota Corn Basis Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Eastern South Dakota Corn Basis Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Eastern South Dakota Corn Basis Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

### **XX01. CONTRACT SPECIFICATIONS**

#### **XX01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels.

#### **XX01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Eastern South Dakota Corn Basis Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

#### **XX01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

#### **XX01.D. Months Cleared**

Clearing of Eastern South Dakota Corn Basis Swaps is regularly conducted in five different months – March, May, July, September, and December, but shall be permitted in the current delivery month plus any succeeding months. The number of months in which clearing may occur at one time shall be at the discretion of the Exchange.

#### **XX01.E. Reserved**

#### **XX01.F. Last Day of Clearing**

The last day of clearing of Eastern South Dakota Corn Basis Swaps deliverable in the current delivery month shall be two business days prior to the first calendar day of the delivery month.

#### **XX01.G. Liquidation during the Delivery Month**

After clearing of Eastern South Dakota Corn Basis Swaps in the current delivery month has ceased, in accordance with Rule XX01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule XX02.

**XX02. DELIVERY**

Delivery against Eastern South Dakota Corn Basis Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule XX05.) and shall be accomplished by cash settlement.

Clearing members holding open positions in Eastern South Dakota Corn Basis Swaps at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule XX03.).

**XX03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST FIVE DAYS OF CLEARING**

The final settlement price shall be determined on the last clearing day. Final settlement shall be the average of the daily Eastern South Dakota corn cash price index minus the settlement price of the corresponding CBOT Corn futures contract over the last five clearing days.

For example, final settlement for a July Eastern South Dakota Corn Basis Swap would be the average of daily Eastern South Dakota corn cash price indexes minus the daily July Corn futures contract settlement prices over the final five days of clearing, including the last clearing day (as defined in Rule XX01.F.).

Daily settlement during the last five days of clearing shall be the cumulative average of the difference between the Eastern South Dakota corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract over the last five clearing days.

**XX04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day (as described in Rule XX05.) or during the last five days of clearing shall be the preliminary Eastern South Dakota corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract on that day.

If the corn cash price index is not published on a particular clearing day, settlement on that day shall revert back to the settlement price on the first preceding business day.

**XX05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the first business day following the last clearing day (as defined in Rule XX01.F.).

**XX06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

## **Chapter XX NORTHEASTERN IOWA CORN BASIS SWAPS**

### **XX00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Northeastern Iowa Corn Basis Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Northeastern Iowa Corn Basis Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Northeastern Iowa Corn Basis Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

### **XX01. CONTRACT SPECIFICATIONS**

#### **XX01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels.

#### **XX01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Northeastern Iowa Corn Basis Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

#### **XX01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

#### **XX01.D. Months Cleared**

Clearing of Northeastern Iowa Corn Basis Swaps is regularly conducted in five different months – March, May, July, September, and December, but shall be permitted in the current delivery month plus any succeeding months. The number of months in which clearing may occur at one time shall be at the discretion of the Exchange.

#### **XX01.E. Reserved**

#### **XX01.F. Last Day of Clearing**

The last day of clearing of Northeastern Iowa Corn Basis Swaps deliverable in the current delivery month shall be two business days prior to the first calendar day of the delivery month.

#### **XX01.G. Liquidation during the Delivery Month**

After clearing of Northeastern Iowa Corn Basis Swaps in the current delivery month has ceased, in accordance with Rule XX01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule XX02.

**XX02. DELIVERY**

Delivery against Northeastern Iowa Corn Basis Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule XX05.) and shall be accomplished by cash settlement.

Clearing members holding open positions in Northeastern Iowa Corn Basis Swaps at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule XX03.).

**XX03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST FIVE DAYS OF CLEARING**

The final settlement price shall be determined on the last clearing day. Final settlement shall be the average of the daily Northeastern Iowa corn cash price index minus the settlement price of the corresponding CBOT Corn futures contract over the last five clearing days.

For example, final settlement for a July Northeastern Iowa Corn Basis Swap would be the average of daily Northeastern Iowa corn cash price indexes minus the daily July Corn futures contract settlement prices over the final five days of clearing, including the last clearing day (as defined in Rule XX01.F.).

Daily settlement during the last five days of clearing shall be the cumulative average of the difference between the Northeastern Iowa corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract over the last five clearing days.

**XX04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day (as described in Rule XX05.) or during the last five days of clearing shall be the preliminary Northeastern Iowa corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract on that day.

If the corn cash price index is not published on a particular clearing day, settlement on that day shall revert back to the settlement price on the first preceding business day.

**XX05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the first business day following the last clearing day (as defined in Rule XX01.F.).

**XX06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

## **Chapter XX NORTHWESTERN IOWA CORN BASIS SWAPS**

### **XX00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Northwestern Iowa Corn Basis Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Northwestern Iowa Corn Basis Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Northwestern Iowa Corn Basis Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

### **XX01. CONTRACT SPECIFICATIONS**

#### **XX01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels.

#### **XX01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Northwestern Iowa Corn Basis Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

#### **XX01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

#### **XX01.D. Months Cleared**

Clearing of Northwestern Iowa Corn Basis Swaps is regularly conducted in five different months – March, May, July, September, and December, but shall be permitted in the current delivery month plus any succeeding months. The number of months in which clearing may occur at one time shall be at the discretion of the Exchange.

#### **XX01.E. Reserved**

#### **XX01.F. Last Day of Clearing**

The last day of clearing of Northwestern Iowa Corn Basis Swaps deliverable in the current delivery month shall be two business days prior to the first calendar day of the delivery month.

#### **XX01.G. Liquidation during the Delivery Month**

After clearing of Northwestern Iowa Corn Basis Swaps in the current delivery month has ceased, in accordance with Rule XX01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule XX02.

**XX02. DELIVERY**

Delivery against Northwestern Iowa Corn Basis Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule XX05.) and shall be accomplished by cash settlement.

Clearing members holding open positions in Northwestern Iowa Corn Basis Swaps at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule XX03.).

**XX03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST FIVE DAYS OF CLEARING**

The final settlement price shall be determined on the last clearing day. Final settlement shall be the average of the daily Northwestern Iowa corn cash price index minus the settlement price of the corresponding CBOT Corn futures contract over the last five clearing days.

For example, final settlement for a July Northwestern Iowa Corn Basis Swap would be the average of daily Northwestern Iowa corn cash price indexes minus the daily July Corn futures contract settlement prices over the final five days of clearing, including the last clearing day (as defined in Rule XX01.F.).

Daily settlement during the last five days of clearing shall be the cumulative average of the difference between the Northwestern Iowa corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract over the last five clearing days.

**XX04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day (as described in Rule XX05.) or during the last five days of clearing shall be the preliminary Northwestern Iowa corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract on that day.

If the corn cash price index is not published on a particular clearing day, settlement on that day shall revert back to the settlement price on the first preceding business day.

**XX05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the first business day following the last clearing day (as defined in Rule XX01.F.).

**XX06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

## **Chapter XX SOUTHERN IOWA CORN BASIS SWAPS**

### **XX00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Southern Iowa Corn Basis Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Southern Iowa Corn Basis Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Southern Iowa Corn Basis Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

### **XX01. CONTRACT SPECIFICATIONS**

#### **XX01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels.

#### **XX01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Southern Iowa Corn Basis Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

#### **XX01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

#### **XX01.D. Months Cleared**

Clearing of Southern Iowa Corn Basis Swaps is regularly conducted in five different months – March, May, July, September, and December, but shall be permitted in the current delivery month plus any succeeding months. The number of months in which clearing may occur at one time shall be at the discretion of the Exchange.

#### **XX01.E. Reserved**

#### **XX01.F. Last Day of Clearing**

The last day of clearing of Southern Iowa Corn Basis Swaps deliverable in the current delivery month shall be two business days prior to the first calendar day of the delivery month.

#### **XX01.G. Liquidation during the Delivery Month**

After clearing of Southern Iowa Corn Basis Swaps in the current delivery month has ceased, in accordance with Rule XX01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule XX02.

**XX02. DELIVERY**

Delivery against Southern Iowa Corn Basis Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule XX05.) and shall be accomplished by cash settlement.

Clearing members holding open positions in Southern Iowa Corn Basis Swaps at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule XX03.).

**XX03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST FIVE DAYS OF CLEARING**

The final settlement price shall be determined on the last clearing day. Final settlement shall be the average of the daily Southern Iowa corn cash price index minus the settlement price of the corresponding CBOT Corn futures contract over the last five clearing days.

For example, final settlement for a July Southern Iowa Corn Basis Swap would be the average of daily Southern Iowa corn cash price indexes minus the daily July Corn futures contract settlement prices over the final five days of clearing, including the last clearing day (as defined in Rule XX01.F.).

Daily settlement during the last five days of clearing shall be the cumulative average of the difference between the Southern Iowa corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract over the last five clearing days.

**XX04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day (as described in Rule XX05.) or during the last five days of clearing shall be the preliminary Southern Iowa corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract on that day.

If the corn cash price index is not published on a particular clearing day, settlement on that day shall revert back to the settlement price on the first preceding business day.

**XX05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the first business day following the last clearing day (as defined in Rule XX01.F.).

**XX06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

## **Chapter XX SOUTHERN MINNESOTA CORN BASIS SWAPS**

### **XX00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Southern Minnesota Corn Basis Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Southern Minnesota Corn Basis Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Southern Minnesota Corn Basis Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

### **XX01. CONTRACT SPECIFICATIONS**

#### **XX01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels.

#### **XX01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Southern Minnesota Corn Basis Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

#### **XX01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

#### **XX01.D. Months Cleared**

Clearing of Southern Minnesota Corn Basis Swaps is regularly conducted in five different months – March, May, July, September, and December, but shall be permitted in the current delivery month plus any succeeding months. The number of months in which clearing may occur at one time shall be at the discretion of the Exchange.

#### **XX01.E. Reserved**

#### **XX01.F. Last Day of Clearing**

The last day of clearing of Southern Minnesota Corn Basis Swaps deliverable in the current delivery month shall be two business days prior to the first calendar day of the delivery month.

#### **XX01.G. Liquidation during the Delivery Month**

After clearing of Southern Minnesota Corn Basis Swaps in the current delivery month has ceased, in accordance with Rule XX01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule XX02.

**XX02. DELIVERY**

Delivery against Southern Minnesota Corn Basis Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule XX05.) and shall be accomplished by cash settlement.

Clearing members holding open positions in Southern Minnesota Corn Basis Swaps at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule XX03.).

**XX03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST FIVE DAYS OF CLEARING**

The final settlement price shall be determined on the last clearing day. Final settlement shall be the average of the daily Southern Minnesota corn cash price index minus the settlement price of the corresponding CBOT Corn futures contract over the last five clearing days.

For example, final settlement for a July Southern Minnesota Corn Basis Swap would be the average of daily Southern Minnesota corn cash price indexes minus the daily July Corn futures contract settlement prices over the final five days of clearing, including the last clearing day (as defined in Rule XX01.F.).

Daily settlement during the last five days of clearing shall be the cumulative average of the difference between the Southern Minnesota corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract over the last five clearing days.

**XX04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day (as described in Rule XX05.) or during the last five days of clearing shall be the preliminary Southern Minnesota corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract on that day.

If the corn cash price index is not published on a particular clearing day, settlement on that day shall revert back to the settlement price on the first preceding business day.

**XX05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the first business day following the last clearing day (as defined in Rule XX01.F.).

**XX06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

**Chapter 10C  
Corn Calendar Swaps  
(Clearing Only)**

**10C00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Corn Calendar Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Corn Calendar Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Corn Calendar Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

**10C01. CONTRACT SPECIFICATIONS**

**10C01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels of Corn.

**10C01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Corn Calendar Swaps may be submitted to the Clearing House. Positions shall be initiated or closed out using off-exchange transactions.

**10C01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

**10C01.D. Months Cleared**

Clearing of Corn Calendar Swaps is regularly conducted in March, May, July, September, and December, but shall be permitted in the current delivery month and any succeeding months. The number of months in which clearing may occur shall be at the discretion of the Exchange.

**10C01.E. Reserved**

**10C01.F. Last Day of Clearing**

The last day of clearing of Corn Calendar Swaps deliverable in the current delivery month shall be the final settlement day as prescribed in Rule 10C05.

**10C01.G. Liquidation during the Delivery Month**

After clearing of Corn Calendar Swaps in the current delivery month has ceased, in accordance with Rule 10C01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 10C02.

**10C02. DELIVERY**

Delivery against Corn Calendar Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule 10C05) and shall be accomplished by cash settlement. Clearing members holding open positions in Corn Calendar Swaps at the time of termination of clearing shall make payment to and receive payment

through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 10C03.).

#### **10C03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST MONTH OF TRADING**

The final settlement price shall be determined on the final settlement day. The final settlement price shall be the cumulative average of the settlement prices for the corresponding CBOT Corn futures contract for each clearing day in the month prior to the expiration of the corresponding CBOT Corn futures contract. For example, final settlement for a July Corn Calendar Swap would be the cumulative average of the daily settlement prices for the July CBOT Corn futures contract during the month of June. Daily settlement during the last month of clearing shall be the cumulative average of the settlement prices for the corresponding CBOT Corn futures contract for each clearing day in the month prior to the expiration of the corresponding CBOT Corn futures contract. For example, the daily settlement for a July Corn Calendar Swap on the 5th clearing day in June would be the average settlement price over the first 5 clearing days in June of the July Corn futures contract. On the 6th clearing day, the daily settlement would be the average settlement price over the first 6 clearing days.

#### **10C04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 10C03) shall be the settlement price for the corresponding CBOT Corn futures contract on that day.

#### **10C05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the last business day of the month prior to the contract month.

#### **10C06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

**Chapter 11D**  
**Soybean Calendar Swaps**  
**(Clearing Only)**

**11D00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Soybean Calendar Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Soybean Calendar Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Soybean Calendar Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

**11D01. CONTRACT SPECIFICATIONS**

**11D01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels of Soybeans.

**11D01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Soybean Calendar Swaps may be submitted to the Clearing House. Positions shall be initiated or closed out using off-exchange transactions.

**11D01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

**11D01.D. Months Cleared**

Clearing of Soybean Calendar Swaps is regularly conducted in January, March, May, July, August, and November, but shall be permitted in the current delivery month and any succeeding months. The number of months in which clearing may occur shall be at the discretion of the Exchange.

**11D01.E. Reserved**

**11D01.F. Last Day of Clearing**

The last day of clearing of Soybean Calendar Swaps deliverable in the current delivery month shall be the final settlement day as prescribed in Rule 11D05.

**11D01.G. Liquidation during the Delivery Month**

After clearing of Soybean Calendar Swaps in the current delivery month has ceased, in accordance with Rule 11D01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 11D02.

**11D02. DELIVERY**

Delivery against Soybean Calendar Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule 11D05) and shall be accomplished by cash settlement. Clearing members holding open positions in Soybean Calendar Swaps at the time of termination of clearing shall make payment to and receive

payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 11D03.).

#### **11D03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST MONTH OF TRADING**

The final settlement price shall be determined on the final settlement day. The final settlement price shall be the cumulative average of the settlement prices for the corresponding CBOT Soybean futures contract for each clearing day in the month prior to the expiration of the corresponding CBOT Soybean futures contract. For example, final settlement for a July Soybean Calendar Swap would be the cumulative average of the daily settlement prices for the July CBOT Soybean futures contract during the month of June. Daily settlement during the last month of clearing shall be the cumulative average of the settlement prices for the corresponding CBOT Soybean futures contract for each clearing day in the month prior to the expiration of the corresponding CBOT Soybean futures contract. For example, the daily settlement for a July Soybean Calendar Swap on the 5th clearing day in June would be the average settlement price over the first 5 clearing days in June of the July Soybean futures contract. On the 6th clearing day, the daily settlement would be the average settlement price over the first 6 clearing days.

#### **11D04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 11D03) shall be the settlement price for the corresponding CBOT Soybean futures contract on that day.

#### **11D05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the last business day of the month prior to the contract month.

#### **11D06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

**Chapter 14C**  
**Wheat Calendar Swaps**  
**(Clearing Only)**

**14C00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of Wheat Calendar Swaps, where the parties to the transaction are "Eligible Swap Participants" as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in Wheat Calendar Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Wheat Calendar Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

**14C01. CONTRACT SPECIFICATIONS**

**14C01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels of Wheat.

**14C01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which Wheat Calendar Swaps may be submitted to the Clearing House. Positions shall be initiated or closed out using off-exchange transactions.

**14C01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

**14C01.D. Months Cleared**

Clearing of Wheat Calendar Swaps is regularly conducted in March, May, July, September and December, but shall be permitted in the current delivery month and any succeeding months. The number of months in which clearing may occur shall be at the discretion of the Exchange.

**14C01.E. Reserved**

**14C01.F. Last Day of Clearing**

The last day of clearing of Wheat Calendar Swaps deliverable in the current delivery month shall be the final settlement day as prescribed in Rule 14C05.

**14C01.G. Liquidation during the Delivery Month**

After clearing of Wheat Calendar Swaps in the current delivery month has ceased, in accordance with Rule 14C01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 14C02.

**14C02. DELIVERY**

Delivery against Wheat Calendar Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule 14C05) and shall be accomplished by cash settlement. Clearing members holding open positions in Wheat Calendar Swaps at the time of termination of clearing shall make payment to and receive payment

through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 14C03.).

#### **14C03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST MONTH OF TRADING**

The final settlement price shall be determined on the final settlement day. The final settlement price shall be the cumulative average of the settlement prices for the corresponding CBOT Wheat futures contract for each clearing day in the month prior to the expiration of the corresponding CBOT Wheat futures contract. For example, final settlement for a July Wheat Calendar Swap would be the cumulative average of the daily settlement prices for the July CBOT Wheat futures contract during the month of June. Daily settlement during the last month of clearing shall be the cumulative average of the settlement prices for the corresponding CBOT Wheat futures contract for each clearing day in the month prior to the expiration of the corresponding CBOT Wheat futures contract. For example, the daily settlement for a July Wheat Calendar Swap on the 5th clearing day in June would be the average settlement price over the first 5 clearing days in June of the July Wheat futures contract. On the 6th clearing day, the daily settlement would be the average settlement price over the first 6 clearing days.

#### **14C04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 14C03) shall be the settlement price for the corresponding CBOT Wheat futures contract on that day.

#### **14C05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the last business day of the month prior to the contract month.

#### **14C06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.