

# NYBOT®

## DEFINITIONS

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# DEFINITIONS

**EXCEPT WHERE THE CONTEXT REQUIRES OTHERWISE, THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANING WHEN USED IN THE BY-LAWS OR RULES. USE OF THE SINGULAR SHALL INCLUDE THE PLURAL AND VICE VERSA, UNLESS THE CONTEXT REQUIRES OTHERWISE.**

## **AA Transaction**

The term "AA Transaction" or "Against Actual" shall mean a Transaction in which there is an exchange of Futures Contracts for the Cash Commodity.

## **Act**

The term "Act" shall mean the Commodity Exchange Act, as amended from time to time.

## **Adjusted Net Capital**

The term "Adjusted Net Capital" shall have the same meaning as contained in CFTC Regulation 1.17.

## **Affiliated Firm**

The term "Affiliated Firm" shall mean with respect to a Firm, any Firm which controls, is controlled by or is under common control with such Firm. The term "control" shall mean the power to direct or cause the direction of the management or policies of a Firm, whether through ownership of securities, by contract or otherwise.

## **Allowable Claim**

The term "Allowable Claim" shall mean a Claim for losses arising from (i) any order or Transaction for the purchase, sale, exercise or expiration of an Exchange Futures Contract or Exchange Option or (ii) any cash market transaction which is part of, or directly connected with, any Transaction. An Allowable Claim shall not include legal or other incidental expenses incurred in connection with any such losses or with the events giving rise to any such losses.

## **Arbitrage Position**

The term "Arbitrage Position" shall mean (i) an Exchange Futures Contract in one delivery month for an account which is offset by a Futures Contract for the same Commodity in the same or a different delivery month for such account which is executed on or subject to the rules of the London International Financial Futures and Options Exchange, and (ii) an Exchange Option, a Futures Contract to sell or purchase the same Commodity as the Underlying Futures Contract for such Exchange option, which is executed on or subject to the rules of the London International Financial and Options Exchange.

## **Associated Brokers**

The term "Associated Brokers" or "Broker Association" shall have the meaning set forth in Rule 6.41.

## **Board**

The term "Board" shall mean the Board of Governors of the Exchange.

## **Board Officers**

The term "Board Officers" shall mean the Chairman of the Board, the Vice Chairman of the Board and the Treasurer.

**Business Day**

The term "Business Day" shall mean any day other than Saturday, Sunday, or an Exchange Holiday.

**Call Option**

The term "Call Option" shall mean an Option whereby:

(i) the purchaser has the right, but not the obligation, to enter into an Underlying Futures Contract to buy a Commodity for delivery in the Option Month, at the Striking Price specified; and

(ii) the grantor has the obligation, upon exercise, to enter into an Underlying Futures Contract to sell a Commodity for delivery in such Option Month, at such Striking Price.

**Caller**

The term "Caller" shall mean an Exchange employee designated to conduct the opening or closing call.

**Carrying Member**

The term "Carrying Member" shall mean a Member that carries one or more Customer Accounts.

**Cash Commodity**

The term "Cash Commodity" shall mean a physical or actual commodity.

**Certified Public Accountant**

The term "Certified Public Accountants" shall mean:

(i) Firms or individuals who submit statements as Certified Public Accountants and firms which are registered members of the American Institute of Certified Public Accountants (AICPA) and who are acceptable to the Membership Committee.

(ii) Accountants or accountant firms registered under the laws of other countries where the requirements for registration are similar to the requirements for a CPA certificate in the United States and which accountants or accountant firms are acceptable to the Membership Committee.

**CFTC**

The term "CFTC" shall mean the Commodity Futures Trading Commission.

**Chairman**

The term "Chairman" shall mean Chairman of the Board, or one duly authorized to act with the authority of the Chairman of the Board.

**Claim**

The term "Claim" shall mean any right to payment whether or not any such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed or secured.

**Claimant**

The term "Claimant" shall mean a person who has either filed a Claim Notice or a Notice of Arbitration.

**Claim Notice**

The term "Claim Notice" shall mean a notice of claim against the proceeds of sale of a Membership as provided in the Rules.

**Class**

The term "Class" shall mean, with respect to any Option, a Put Option or a Call Option covering the same Underlying Futures Contract.

**Class A Governor**

The term "Class A Governor" shall mean an individual elected as a governor by the Class A members of NYBOT prior to the Secondary Merger.

**Class B Governor**

The term "Class B Governor" shall mean an individual elected as a governor by the Class B members of NYBOT prior to the Secondary Merger.

**Clearing Member**

The term "Clearing Member" shall mean any Person who is a member of a Clearing Organization.

**Clearing Organization**

The term "Clearing Organization" shall mean with respect to any Commodity Contract, the entity designated by the Board as being authorized to clear such Commodity Contract.

**Clearing Organization Rules**

The term "Clearing Organization Rules" shall mean the certificate of incorporation, by-laws, rules, regulations, resolutions, orders, directives and procedures of the Clearing Organization as adopted or amended from time to time.

**Clerk**

The term "Clerk" shall mean any individual employed by a Member and registered with the Exchange to work on the trading floor of the Exchange.

**Closing Transaction**

The term "Closing Transaction" shall mean any transaction in which a Person (i) grants an Exchange Call Option or Exchange Put Option which is in the same Series as an Exchange Call Option or Exchange Put Option, respectively, which had been purchased by such Person; or (ii) purchases an Exchange Call Option or Exchange Put Option which is in the same Series as an Exchange Call Option or Exchange Put Option, respectively, which had been granted by such Person.

**Cocoa**

The term "Cocoa" shall mean cocoa deliverable under the Cocoa Contract of the Exchange.

**Coffee C**

The term "Coffee C" shall mean coffee deliverable under the Coffee "C" Contract of the Exchange.

**Commodity**

The term "Commodity" shall mean any and all goods, articles, services, rights and interests in which contracts for future delivery are presently or in the future dealt in, on or subject to the Rules.

**Commodity Contract**

The term "Commodity Contract" shall include Futures Contracts, Options on Commodities or on Futures Contracts, and any other interests or instruments traded on or subject to the Rules of the Exchange.

**Conferring Agreement**

The term “Conferring Agreement” shall mean the form of agreement specified in Rule 2.10.

**Conferring Member**

The term “Conferring Member” shall mean, with respect to a Member Firm, the Member who satisfies the criteria specified in Rule 2.09.

**Contract Specifications Committee**

The term “Contract Specifications Committee” shall mean a committee from which the Board must obtain approval before amending the terms and conditions of any Commodity Contract over which such committee has authority, and shall include the Board of Citrus Advisors, the Cocoa Committee, the Coffee Committee, the Cotton Committee, the Domestic Sugar Committee, the Financial Products Committee, the Index Product Committee, the World Sugar Committee, and any other commodity specific committee hereafter designated by the Board as a Contract Specifications Committee.

**Conversion**

The term "Conversion" shall mean a Transaction composed of three Commodity Contracts, including a long Futures Contract, a Long Put Option and a short Call Option. The delivery month must be the same for all three Commodity Contracts and the Striking Price must be the same for the two option components.

**Cotton No. 2**

The term “Cotton No. 2” shall mean cotton deliverable under the Cotton No. 2 Contract of the Exchange.

**Customer**

The term "Customer" shall mean a Person, including another Member, for whom a Member carries an account.

**Customer Account**

The term "Customer Account" shall mean an account carried for a customer, including an omnibus account.

**EFP**

The term “EFP” or “Exchange for Physical” shall mean a transaction in which there is an exchange of Futures Contracts for the cash commodity.

**EFS**

The term “EFS” or “Exchange for Swap” shall mean a transaction in which there is an exchange of Futures Contracts for a swap agreement for the Cash Commodity.

**Elected Governors**

The term “Elected Governors” shall mean the Voting Governors who are not Public Governors.

**Emergency**

The term “Emergency” shall have the meaning set forth in Rule 6.01(a).

**Emergency Event**

The term “Emergency Event” shall have the meaning set forth in Rule 21.00(a).

## **Equity**

The term "Equity" shall include the following:

### **Available Equity**

(i) The term "Available Equity" shall mean the amount, if any, by which Total Equity or the Net Liquidating Value, as the case may be, of any account exceeds the amount of Original Margin required for any Options or Futures Contracts carried in such account.

### **Open Trade Equity**

(ii) The term "Open Trade Equity" as applied to any account, shall mean any net unrealized gain or loss on Futures Contracts carried in such account.

### **Total Equity**

(iii) The term "Total Equity" shall mean, with respect to any account, the Open Trade Equity, if any, in the account, the amount of money, if any, in the account, and the value of any securities or other property, if any, in the account, valued in accordance with the Rules.

### **Net Liquidating Value**

(iv) The term "Net Liquidating Value", as applied to any account, shall mean the Total Equity in such account plus the value of any long and short options in such account.

## **Equity Member**

The term "Equity Member" shall mean an individual who owns one or more Equity Memberships.

## **Equity Membership**

The term "Equity Membership" shall mean one of the Equity Memberships authorized to be issued pursuant to the first sentence of Section 101(a) of the By-Laws of the Exchange.

## **Ethanol**

The term "Ethanol" shall mean ethanol deliverable under the Ethanol Contract of the Exchange.

## **Exchange**

The term "Exchange" shall mean the Board of Trade of the City of New York, Inc.

## **Exchange Futures Contract**

The term "Exchange Futures Contract" shall mean a Futures Contract traded on the Exchange or subject to the Rules.

## **Exchange Holiday**

The term "Exchange Holiday" shall mean any day which the Board may designate as an Exchange holiday and on which the Exchange shall be closed.

## **Exchange Option**

The term "Exchange Option" shall mean any Option traded on the Exchange or subject to the Rules.

## **Exercise Notice**

The term "Exercise Notice" shall mean a notice, in the form prescribed by the Clearing Organization, issued to the Clearing Organization by a Clearing Member that is, or that carries accounts for other Persons who are, holding long positions in Options that are to be exercised.

**Expiration Day**

The term "Expiration Day" shall mean the day on which Options in any Option Month expire.

**FCOJ**

The term "FCOJ" shall mean frozen concentrated orange juice deliverable under the FCOJ Contracts of the Exchange.

**Financial Contracts**

The term "Financial Contracts" shall mean the U.S. Dollar Index®, the Euro Based Currency, the Pound Sterling Based Currency, the US Dollar Based Currency, the Australian and New Zealand Based Currency, the Japanese Based Currency Futures and Options Contracts and any other instruments designated by the Board as Financial Contracts and traded at the Exchange.

**Financial Emergency**

The term "Financial Emergency" shall have the meaning set forth in Rule 21.00(b).

**Firm**

The term "Firm" shall mean a corporation, partnership, limited liability company, sole proprietorship or other entity.

**Floor Broker**

The term "Floor Broker" shall mean any Person who has been granted floor trading privileges pursuant to the Rules.

**Futures Commission Merchant or FCM**

The term "Futures Commission Merchant" or "FCM" shall have the same meaning as defined in the Act.

**Futures Contract**

The term "Futures Contract" shall mean any contract for the purchase or sale of a Commodity for future delivery that is traded on or subject to the rules of any exchange.

**Futures Equivalent Contract**

The term "Futures Equivalent Contract" shall mean an Option that has been converted to a Futures Contract equivalent in accordance with Rule 6.13(a).

**Grantor**

The term "Grantor" shall mean, with respect to any Option, the Floor Broker granting an option on the floor of the Exchange (either as agent or principal), until the time such Option is accepted by the Clearing Organization. Thereafter, the term "Grantor" shall mean the Clearing Member that cleared such Option for the Customer who granted it.

**In the Money Option**

The term "In the Money Option" shall mean an Option that has a Striking Price that is lower (in the case of a Call Option) or higher (in the case of a Put Option) than the price of the Underlying Futures Contract for such Option.

**Index Contracts**

The term "Index Contracts" shall mean the NYSE Composite Index®, the Russell Complex and the Reuters CRB Futures Price Index Futures and Options Contracts and any other Commodity Contracts based on an index.

**Last Trading Day**

The term "Last Trading Day" shall mean, with respect to any futures or option month, the last day on which trading is permitted for such futures or option month in accordance with the Rules.

**Lessee**

The term "Lessee" shall mean an individual who leases an Equity Membership or Trading Permit from the owner thereof pursuant to the Rules.

**Lessor**

The term "Lessor" shall mean an individual who leases an Equity Membership or a Trading Permit of which he is the owner to another individual who thereby becomes the Lessee of such Equity Membership or Trading Permit.

**Licensed Store**

The term "Licensed Store" shall mean that portion of a licensed warehouse which has been approved by the appropriate Warehouse and License Committee as suitable for the storage of an Exchange Commodity. Whenever the word "store" is used in the Rules, "Licensed Store" is intended, except when the context clearly indicates a contrary intent.

**Licensee**

The term "Licensee" shall mean a Person licensed by the Exchange as a chemist, grader, master sampler, tank facility, warehouse or weighmaster.

**Lot**

The term "Lot" shall mean the par quantity of the Commodity deliverable under a particular Commodity Contract.

**Margin**

The term "Margin" shall include the following:

**Maintenance Level**

(i) The term "Maintenance Level" shall mean the minimum amount of Original Margin and Option Margins a Carrying Member is required to maintain in a Customer Account at all times, as provided in the Rules.

**Maintenance Margin**

(ii) The term "Maintenance Margin" shall mean the minimum amount of Original Margin and Option Margin a carrying member is required to maintain in a Customer Account at all times, as provided in the Rules.

**Option Margin**

(iii) The term "Option Margin" shall mean the amount of money, securities or other property required as security for the performance of Options carried in a Customer Account as provided in the Rules.

**Original Margin**

(iv) The term "Original Margin" shall mean the amount of money, securities or other property required as security for the performance of Futures Contracts carried in a Customer Account, as provided in the Rules.

**Member**

The term "Member" shall mean and include a Permit Holder, Lessee, Member Firm and an Equity Member.

**Member-Elect**

The term "Member-Elect" shall mean any individual applying to become an Equity Member, Permit Holder or Lessee whose application has been approved in accordance with the Rules but who has not yet acquired a Membership or secured a Lease.

**Member Firm**

The term "Member Firm" shall mean any partnership, corporation, limited liability company, sole proprietorship or other entity to which Exchange privileges have been conferred by a Member or Permit Holder in accordance with the Rules.

**Member of the Trade**

The term "Member of the Trade" shall mean any Person engaged regularly and actually as principal or broker (in his or its own name) in the business of producing, exporting, importing, roasting, financing, grinding, refining, buying, selling, manufacturing or wholesaling a Commodity which is the subject of a Commodity Contract or a product or by-product of any such Commodity, and any Person engaged in (in his or its own name) the activities of a Futures Commission Merchant set forth in the Act. The term "Member of the Trade" shall not include any director, officer, partner or employee of a Firm that is a Member of the Trade unless such individual is himself a Member of the Trade.

**Membership**

The term "Membership" shall mean and include an Equity Membership and a Trading Permit.

**Net Liquid Assets**

The term "Net Liquid Assets" shall mean current assets less current liabilities.

**NPCL**

The term "NPCL" shall mean the Not-for-Profit Corporation Law of the State of New York as in effect from time to time.

**NYBOT**

The term "NYBOT" shall mean the Board of Trade of the City of New York, Inc.

**Omnibus Account**

The term "Omnibus Account" shall mean an account in which one or more Customer Accounts are carried.

**Option**

The term "Option" shall mean a contract or Transaction whereby one party grants to another the right, but not the obligation, to buy, sell or enter into a Futures Contract.

**Option Buyer**

The term "Option Buyer" shall mean a Customer purchasing any Exchange Option.

**Option Month**

The term "Option Month" shall mean, with respect to any Option, the delivery month of the Underlying Futures Contract.

**Option Seller**

The term "Option Seller" shall mean a Customer granting (or writing) any Exchange Option.

**Out-of-the-Money Option**

The term "Out-of-the-Money Option" shall mean an Option which has a Striking Price that is higher (in the case of a Call Option) or lower (in the case of a Put Option) than the price of the Underlying Futures Contract for such Option on any day.

**Permit Holder**

The term "Permit Holder" shall mean an individual who has been granted a Trading Permit in accordance with the Rules.

**Person**

The term "Person" shall mean an individual or Firm.

**Physical Emergency**

The term "Physical Emergency" shall have the meaning set forth in Rule 6.02.

**Position**

The term "Position" with respect to any Person shall mean all the Commodity Contracts held by such Person.

**Premium**

The term "Premium" shall mean the amount agreed upon between the purchaser and grantor for the purchase or grant of an Exchange Option, which amount shall be the quoted premium multiplied by the number of units of the Underlying Futures Contract for each Option.

**President**

The term "President" shall mean the President of the Exchange, or one duly authorized to act with the authority of the President.

**Principal**

The term "Principal" shall mean with respect to any Firm, any Person who is an executive officer, general partner, director or other person, who, in each case, exercises a controlling influence over the Exchange-related business of such Firm, and any Person who owns 10% or more of the outstanding shares of stock of, or has contributed 10% or more of the capital to, such Firm.

**Public Governors**

The term "Public Governors" shall mean the Voting Governors who are not Members.

**Purchaser**

The term "Purchaser" shall mean, with respect to any Option, the Floor Broker purchasing such Option on the floor of the Exchange (either as agent or principal), until the time such Option is accepted by the Clearing Organization. Thereafter, the term "Purchaser" shall mean the Clearing Member which cleared such Option for the Customer purchasing it.

**Put Option**

The term "Put Option" shall mean an Option whereby:

(i) the Purchaser has the right, but not the obligation, to enter into an Underlying Futures Contract to sell a Commodity for delivery in the Option Month at the Striking Price specified; and

(ii) the Grantor has the obligation, upon exercise, to enter into an Underlying Futures Contract to buy a Commodity for delivery in such Option Month at such Striking Price.

**Respondent**

The term "Respondent" shall mean any Person who is charged with a Rule violation.

**Reverse Conversion**

The term "Reverse Conversion" shall mean a Transaction comprised of three Commodity Contracts, including a short Futures Contract, a short Put Option and a long Call Option. The delivery month must be the same for all three Commodity Contracts and the Striking Price must be the same for the two Option components.

**Rule or Rules**

The term "Rule" or "Rules" shall mean the Charter, Certificate of Incorporation, By-Laws, rules, resolutions, interpretations, statements of policy, decisions, directives and orders of the Exchange.

**Secondary Merger**

The term "Secondary Merger" shall mean the merger of the Coffee, Sugar & Cocoa Exchange, Inc. and the New York Cotton Exchange with and into the Exchange.

**Secured Loan**

The term "Secured Loan" shall mean a loan, advance or any other form of receivable which is secured within the meaning of CFTC regulation 1.17(c)(3) by readily marketable collateral that is: (i) money or securities that may be deposited as Original Margin or Option Margin pursuant to section 4.04(e); (ii) negotiable warehouse receipts issued by a warehouse or depository licensed or otherwise approved by any contract market; or (iii) any security that has a loan value for general accounts carried by securities brokers or dealers under Regulation T issued by the Board of Governors of the Federal Reserve System.

**Series**

The term "Series" shall mean all Options in the same Class having the same Option Month and Striking Price.

**Settlement Premium**

The term "Settlement Premium" shall mean the daily settlement premium of an Exchange Option determined in accordance with the Rules.

**Settlement Price**

The term "Settlement Price" shall mean the daily price of a Commodity Contract as determined by the Exchange on any day for the purpose of meeting Margin requirements on such day.

**Staff Officers**

The term "Staff Officers" shall mean the President, the Secretary and such Vice Presidents, Assistant Secretaries and Assistant Treasurers as are appointed by the Board.

**Straddle**

The term "Straddle" shall mean, (i) with respect to the Rules governing Margin, the purchase (or sale) of an Exchange Futures Contract in one delivery month for an account which is offset by (A) the sale (or purchase) of another Exchange Futures Contract in the same form involving the same Commodity in a different delivery month for such account, or (B) the sale (or purchase) of another Exchange Futures Contract in a different form involving the same

Commodity in the same or a different delivery month for such account, and (ii) with respect to any other Rules, shall have the meanings, if any, set forth in the Rules.

**Striking Price or Strike Price**

The terms "Striking Price" or "Strike Price" shall mean the price at which the Underlying Futures Contract may be purchased or sold pursuant to any Option.

**Sugar No. 11**

The term "Sugar No. 11" shall mean sugar deliverable under the Sugar No. 11 Futures Contract of the Exchange.

**Sugar No. 14**

The term "Sugar No. 14" shall mean sugar deliverable under the Sugar No. 14 Futures Contract of the Exchange.

**Trade or Transaction**

The terms "Trade" and "Transaction" shall mean any purchase or sale of any Commodity Contract made in accordance with the Rules.

**Trading Floor**

The Term "Trading Floor" or "Floor of the Exchange" shall mean the trading floor and surrounding booths and facilities which are governed by the New York Board of Trade in New York and Dublin.

**Trading Permit**

The term "Trading Permit" shall mean a right granted to a Floor Broker who is not an Equity Member to execute Trades on the floor of the Exchange.

**Underlying Futures Contract**

The term "Underlying Futures Contract" shall mean the Futures Contract which is the subject of an Option.

**Voting Governors**

The term "Voting Governors" shall mean all of the members of the Board except for the President.