

NYBOT®

ETHANOL

TABLE OF CONTENTS

Rule	Subject
12.00	Contract Terms—Form
12.01	Delivery Months
12.02	Size of Contract, Price Fluctuation
12.03	Unmatched Trades
12.04	Contract Binding
12.05	Readiness of Vessel for Sugar
12.06	Last Trading Day
12.07	Final Weights and Tests
12.08	Obligations of the Receiver and Deliverer
12.09	Arbitration Disputes
12.10	Force Majeure
12.11	Memo of Deliverer
12.12	Orders Subject to Exchange By-Laws and Rules
12.13	Clearing Member Open Position Reports to Clearing Organization
12.14	Reported Sales

ETHANOL OPTIONS

12.20	Scope of Chapter
12.21	Option—Forms
12.22	Trading Months
12.23	Last Trading Day
12.24	Striking Prices
12.25	Premium Quotations
12.26	Obligations of Option Purchasers
12.27	Obligations of Option Grantors
12.28	Effect of Clearance
12.29	Expiration and Exercise of Options
12.30	Clearing Member Reports to Clearing Organization

ETHANOL RULES

⇒ *Trading on the Ethanol Futures Contract will commence trading on the Exchange May 7, 2004.*

Rule 12.00. Contract Terms—Form

(a) No contract for the future delivery of Ethanol shall be recognized, acknowledged or enforced by the Exchange, or any committee or officer thereof, unless both parties thereto shall be Members, provided, however, that Members shall offer their contracts for clearance to the Clearing Organization which shall become by substitution a party thereto in place of a Member, and thereupon the Clearing Organization shall become subject to the obligations thereof and entitled to all the rights and privileges of a Member in holding, fulfilling or disposing thereof.

(b) The Ethanol deliverable under the Ethanol Futures Contract shall be biomass-derived, undenatured, anhydrous ethanol at 60° Fahrenheit meeting the following criteria¹:

- | | |
|---|---|
| (i) Ethanol content | minimum volume of 98% determined using ASTM D 5501-94 (Reapproved 1998) ² or any further amended version of such standard. |
| (ii) Methanol content | maximum of 5,000 ppm (parts per million) by volume determined using ASTM D 5501-94 (Reapproved 1998) or any further amended version of such standard. |
| (iii) Solvent-washed gum content | maximum of 5.0 mg/100ml determined using ASTM D 381-03 or any further amended version of such standard. |
| (iv) Water content | maximum volume of 0.8% determined using ASTM E 203-01 or any further amended version of such standard. |
| (v) Inorganic Chloride content | maximum mass of 40 ppm determined using ASTM D 512-81 (1985) ^{e1} Procedure C or any further amended version of such standard. |
| (vi) Copper content | maximum of 0.1 ppm determined using ASTM D 1688-02 Test method as modified in D 4806 or any further amended version of such standard. |
| (vii) Acidity (as acetic acid CH ₃ COOH) | maximum of 70 ppm determined using ASTM D 1613-03 or any further amended version of such standard. |
| (viii) pHe | 6.5 to 9.0 determined using ASTM D 6423-99 or any further amended version of such standard. |
| (ix) Appearance | Visibly free of suspended or precipitated contaminants (clear and bright) |

¹ The Chart is copyrighted by and reprinted with permission of ASTM International, 100 Barr Harbor Drive, W. Conshohocken, PA 19428-2959.

² The two-digit code following the ASTM standard refers to the year such standard was last updated. The year in parentheses refers to a later edition with no amendments to the cited standard.

(c) For the purpose of the Ethanol contract Rules, the term "origin" shall mean either the geographic location where the Ethanol's anhydrous state is achieved or where the Ethanol is stored. The origins deliverable under the Ethanol Contract are as follows:

(i) Brazil, Costa Rica, El Salvador, Guatemala, Jamaica, Nicaragua, Panama, the Bahamas and the United States.

(ii) An origin may be added or deleted as deliverable, upon recommendation by the Ethanol Committee, by action of the Board by a two-thirds vote of the Board; provided that any such addition or deletion shall only affect deliveries in months beyond the last month in which there is an open Position at the time of such action of the Board.

(d)

ETHANOL CONTRACT

New York _____ 20 _____

(has) (sold)

(have) this day (bought)

(deliver to)

7,750 U.S. gallons of Ethanol at _____ cents net cash U.S. currency per gallon.

Deliverer shall be responsible for all expenses pertaining to delivery and loading of Ethanol into the vessel, including freight taxes and other taxes of the country of origin of any nature. Normal pilotage, wharfage charges, customs fees and similar charges pertaining to the entry or exit of the vessel at loading port are for the account of the Receiver. Ethanol delivered shall be free and clear of all liens and claims of any kind, which shall be warranted by the Deliverer to the Receiver in making the delivery. The Ethanol delivered shall be freely available for export.

Delivery during _____ to be made FOB and stow aboard Receiver's

(trading month)

nominated vessel in accordance with Ethanol Rule 12.05.

Ethanol deliverable to be as provided in Ethanol Rules 12.00(b) and (c). Weight and volume to be determined as provided in Ethanol Rule 12.07 and payment to be made in accordance with Ethanol Rule 12.08.

Either party may call for Margin as the variations of the market for like deliveries may warrant, which Margin shall be kept good.

This contract is made in view of, and in all respects subject to, the Rules of the Exchange.

(Brokers)

(Across the face is the following)

For and in consideration of One Dollar to _____ in hand paid, receipt whereof is hereby acknowledged _____ accept this contract with all its obligations and conditions.

(e) The Receiver shall provide vessels suitable for the carriage of the Ethanol and contracted for under a standard form of Tanker Voyage Charter Party of the Association of Ship Brokers & Agents (U.S.A.), Inc. (ASBATANKVOY) currently in general use in the World Ethanol Trade at the time of shipment, or a freighting agreement no less favorable to Deliverer than said Tanker Voyage Charter Party. The rights and obligations of the Receiver and the Deliverer including but not limited to demurrage, loading conditions and vessel's responsibility to the cargo will be governed by the Tanker Voyage Charter Party unless both the Receiver and Deliverer agree in writing to other terms and conditions. Demurrage shall be limited to commercially justifiable rates specified in the Tanker Voyage Charter Party shall be presumed to be commercially justifiable unless the Deliverer established by clear and convincing evidence that any such rate is not commercially justifiable.

(f) Risk of loss shall pass to the Receiver at the time the Ethanol crosses the rail of the vessel and title shall pass to the Receiver at the time of effecting payment as provided in Rule 12.08(3).

(g) Verbal contracts (which shall always be presumed to have been made in one of the foregoing forms) shall have the same force as written ones, if notice in writing by one of the contracting parties to the other has been given before the close of the succeeding business day.

Rule 12.01. Delivery Months

Ethanol contracts shall not be recognized by the Exchange extending beyond a period of twenty-four (24) months, including the current month. Trading shall be permitted only for the delivery months of February, April, June, September and November as the Board shall determine from time to time. Trading shall at all times be conducted in any such month contained in a 24-month cycle. Trading in a new delivery month shall be initiated at the opening of trading on the first (1st) Business Day of the twenty-second (22nd) month preceding any delivery month.

Rule 12.02. Size of Contract; Price Fluctuation

(a) All offers to buy or sell Ethanol for future delivery unless otherwise specified, shall be understood to be for 7,750 US gallons each of Ethanol, and offers to buy or sell in larger quantities shall be in multiples thereof.

(b) All offers to buy or sell Ethanol for future delivery shall be in cents and decimal fractions of a cent, and no Transaction in contracts shall be permitted wherein the difference in price shall consist of a fraction smaller than one-tenth of one cent per gallon for each gallon of Ethanol, nor shall any additional moneyed consideration whatever be allowed.

Rule 12.03. Unmatched Trades

Should the Clearing Organization notify any party by 9:30 A.M. of the following Business Day that it cannot match a Trade reported by him with a corresponding Trade of the alleged other party to the Transaction, it shall be the duty of the party reporting the Transaction to present to the President a memorandum thereof stating that the Clearing Organization has advised him of its inability to match the Transaction reported by him which notice shall be announced at the opening "call" and posted on the Bulletin Board. It shall then be the duty of such party, in case the contract is not claimed, to buy in or sell out said contract at the expiration of one-half hour after the opening of business on the day of default (being the day after the Transaction was made), or, if the opening call shall not at that time be completed, then promptly after the end of such call, promptly notifying the President in writing of such purchase or sale, and to proceed against the other Member, when necessary, under the Arbitration Rules then in effect.

Should the Clearing Organization notify any party by 9:30 A.M. of the following Business Day that it has refused to clear a Trade reported by him because of its rejection of the

corresponding Trade of the other party to the Transaction, it shall be the duty of the innocent party to present to the President a memorandum thereof stating that the Clearing Organization has advised him of its refusal to clear his Trade because of its rejection of the corresponding Trade of the other party to the Transaction. It shall be the duty of the party whose Trade was rejected to use his best efforts to correct the situation with the utmost promptness. If the situation shall not sooner be corrected, it shall be the duty of the innocent party to buy in or sell out said contract at the expiration of one-half hour after the opening of business on the day of default (being the day after the Transaction was made), or, if the opening call shall not at that time be completed, then promptly after the end of such call, promptly notifying the President in writing of such purchase or sale, and to proceed against the other member, when necessary, under the Arbitration Rules then in effect.

Rule 12.04. Contract Binding

(a) All contracts for the future delivery of Ethanol shall be binding upon Members and of full force and effect until the quantity and quality of the Ethanol specified in such contract shall have been delivered, and the price specified in said contract shall have been paid. No contract shall be entered into with any stipulation or understanding between the parties at the time of making such contract that the terms of said contract as specified above are not to be fulfilled, or that the Ethanol is not to be delivered and received in accordance with the Rules.

(b) Subject to the prohibition in paragraph (a), the Deliverer and Receiver may enter into a mutually acceptable written agreement to deliver and receive under conditions other than those stipulated in the Rules. A delivery so made shall be considered complete upon written notification by the Deliverer and the Receiver to the Secretary of the Exchange and to the Clearing Organization. The making of any such agreement shall relieve the Clearing Organization of any further obligations with respect to any Exchange contract involved, and the Deliverer and Receiver shall indemnify the Exchange and the Clearing Organization against any liability, cost or expense either may incur for any reason as a result of the execution, delivery or performance of such contract or such agreement, or any breach thereof or default thereunder.

Rule 12.05. Readiness of Vessel for Ethanol

(a)(i) Receiver shall declare to Deliverer in writing or by electronic transmission the vessel name and vessel characteristics, estimated time of arrival, total quantity to be loaded and demurrage rates, prior to 11:00 A.M. New York time on a full Business Day at least fifteen (15) calendar days prior to the expected readiness of the vessel at the Ethanol loading port. After nomination, Receiver shall keep Deliverer advised of vessel's estimated arrival time.

In case vessel's Notice of Readiness is presented earlier than fifteen (15) days after Receiver has provided Deliverer with such declaration in writing or by electronic transmission, time only to start counting in accordance with the Tanker Voyage Charter Party after expiration of the notice period.

(b) Receiver shall have the Ethanol vessel ready to load at the port on any day from the first (1st) calendar day of the month following the delivery month to and including the last calendar day of the next succeeding calendar month.

Rule 12.06. Last Trading Day

(a) The Last Trading Day for each delivery month in the Ethanol contract shall be the last full trading day of the delivery month.

(b) After the close of business on the Last Trading Day of any delivery month:

(i) Each Member holding one (1) or more open sales for that month shall issue a "Memo of Deliverer" to the Clearing Organization, by 5:00 p.m., stating for each open sales contract the origin of the Ethanol (one origin or description only for each sales contract) and the delivery port, provided, however, that a minimum of eighty (80) contracts shall be stated for each port designated in the Memo of Deliverer.

Notwithstanding any Rule to the contrary, after the close of trading on the Last Trading Day of any Ethanol delivery month, a Clearing Member shall not carry for its own account or the account of any other Person a number of open sales contracts less than eighty (80) in any such delivery month. In any case where a Clearing Member carries, for the account of any other Person, a number of open sales contracts which is less than eighty (80) on the Last Trading Day, the Clearing Member shall, in such manner as it deems appropriate, buy or sell the minimum number of contracts necessary, so that the contracts in such account equal at least eighty (80) or the account is liquidated.

(ii) Each Member holding one (1) or more open purchase contracts for that month shall issue a "Memo of Receiver" to the Clearing Organization, by 5:00 p.m., stating the total number of open purchase contracts for that month (which number shall conform to the unliquidated Position on said Member's books) which it will be receiving.

(iii) Notwithstanding the foregoing provisions of this paragraph (b), if a Member transfers any contracts after the close of trading in accordance with Rule 4.11(e):

(A) The failure of such Member to issue a Memo of Deliverer or Memo of Receiver with respect to such contracts shall not be deemed a violation of this paragraph (b);

(B) If any contracts transferred offset any contracts with respect to which the transferee had issued a Memo of Deliverer or Memo of Receiver, such Memo shall be deemed amended to reflect the deletion of the contracts so offset; and

(C) If any contracts transferred do not offset any contracts with respect to which the transferee had issued a Memo of Deliverer or Memo of Receiver, the transferee shall issue a Memo of Deliverer or Memo of Receiver with respect thereto by 5:00 p.m. of the Business Day following such Last Trading Day.

(c) The Clearing Organization, after receiving the Receiver's and Deliverer's Memos shall issue to each Receiver, before 10:00 a.m. of the following Business Day, (i) a list of all Receivers and (ii) a "Multiple Delivery Notice" for the number of contracts reported outstanding. Each Multiple Delivery Notice shall state for each origin of Ethanol listed by each Deliverer:

(i) the number of contracts; and

(ii) the delivery port from which delivery will occur.

(d) The notice price for Multiple Delivery Notices issued with respect to any delivery month shall be the Settlement Price for said delivery month on the Last Trading Day for that month.

(e) Receivers, with or without additional consideration, may exchange among themselves any of the contracts listed on the Multiple Delivery Notice, at any time up to the day on which the Receiver presents the Notice of Readiness in accordance with Rule 12.05, by noting such exchange on the face of the Multiple Delivery Notice.

(f) Not later than 3:30 p.m. of the day specified in paragraph (e), each Receiver holding a Multiple Delivery Notice shall notify, in writing, each Deliverer and the Clearing Organization of the name or names of the Deliverer or Deliverers, the number of contracts, the origin of the Ethanol and the delivery port from which the Receiver will be receiving the Ethanol.

(g) If the office of a party to whom a Memo of Deliverer, Memo of Receiver, Multiple Delivery Notice or other written notice under this rule is to be given is closed, it shall be sufficient to give such document to the President who shall endorse thereon the day and time of receipt, and post notice thereof on the web site of the Exchange.

Rule 12.07. Final weights and tests are to be determined as follows:

(a) Final settlement shall be based on the weights and tests performed at the loading port at the time of loading by an internationally recognized independent surveyor company regulated by the International Federation of Inspection Agencies.

(b) One hundred per cent of the Ethanol shall be weighed and sampled, unless a lesser amount is mutually agreed upon. All expenses of weighing, sampling and testing shall be borne by the Deliverer.

(c) Receiver shall have the right to observe the weighing, sampling and testing procedures utilized by the Deliverer's representative at the port of loading. The Receiver shall also have the right, in its sole discretion, upon written notice to the Deliverer at least five (5) days prior to the commencement of loading, to appoint at its own expense an internationally recognized independent surveyor company regulated by the International Federation of Inspection Agencies to conduct weighing, sampling and testing at the loading port at the time of loading.

Rule 12.08. Obligations of the Receiver and Deliverer

(1) Obligations of the Receiver:

(a) Receiver shall name the destination of the Ethanol to Deliverer as soon as reasonably possible, but in any event prior to clearance from loading port, unless sooner required by country of origin.

(b) Receiver shall give Deliverer complete documentary instructions not later than five (5) days prior to vessel's arrival at loading port. The Receiver has the right to request specific language and wording in the description of Ethanol which, unless it is unreasonable, shall be provided by the Deliverer. In the event agreement of such wording cannot be reached, then the description "biomass-derived, undenatured, anhydrous Ethanol" shall be used. The burden of proving unreasonableness rests with the Deliverer. Forms acceptable at the port of destination, if required, shall be supplied by Receiver. Deliverer shall have shipping documents made on similar forms as soon as shipment is complete. Bills of lading shall be drawn to order or to order for shipper and signed by the Master or vessel's agent.

(c) Receiver shall be responsible for the release of the bills of lading to Deliverer or his agent at loading port within twenty-four (24) hours of completion of loading. Receiver's failure to comply with this provision shall make him liable to Deliverer for proven damages.

(d) Receiver shall supply Deliverer with copy of Tanker Voyage Charter Party or freighting agreement as promptly as possible. At any time after nomination of vessel and before delivery of Tanker Voyage Charter Party or freighting agreement, any information relating thereto shall be given to Deliverer upon his request.

(e) Receiver shall be responsible for additional expenses incurred by reason of documentary requests beyond bills of lading and commercial invoices. All consular charges of the country of destination shall be for the account of Receiver. Delays or extraordinary expenses incurred owing to the absence of or distant location of consuls from port of shipment shall be for account of Receiver.

(f) Marine and War Risk Insurance on the usual full Lloyd's conditions to cover payment of losses as interest may appear, payable in U.S. dollars or other freely convertible currency, shall be covered by Receiver at his expense. Satisfactory evidence of such coverage must be given by Receiver to Deliverer at least five (5) calendar days prior to commencement of loading of nominated vessel. In the event satisfactory evidence of coverage is not provided, Deliverer may secure Marine and War Risk Insurance coverage. If a review by an Exchange Arbitration Panel supports Deliverer's opinion that satisfactory evidence of such coverage was not available to Deliverer five (5) days prior to the commencement of loading of nominated vessel, then Deliverer's Marine and War Risk Insurance expenses shall be for the account of Receiver.

(2) Obligations of the Deliverer:

(a) Deliverer shall provide a safe berth (or a safe anchorage) for Receiver's nominated vessel upon presentation of vessel's Notice of Readiness. Once Notice of Readiness becomes effective, the vessel shall be berthed (or anchored) and Deliverer shall commence loading. Lay time for Deliverer shall commence in accordance with the Tanker Voyage Charter Party after presentation of vessel's Notice of Readiness or upon berthing, whichever occurs first. If vessel congestion at loading berth or anchorage prevents the vessel from berthing (or anchoring), vessel must wait its turn in berth. Berthing priority (at the nominated berth) shall be determined based upon the Notice of Readiness unless the custom of the port provides differently. The burden of proving such custom rests with the Deliverer.

Notice of Readiness is to be tendered in writing or by electronic transmission to shipper and/or vessel agent whether in port or not, whether in berth or not, whether customer cleared or not, whether in free pratique or not.

The loading rate of 150 metric tons per hour shall apply for demurrage purposes.

In instances of multiple Deliverers, lay time calculations shall be based on pro-rata tonnage across such Deliverers only. In case of congestion, all Deliverers shall be responsible for time lost and demurrage on a pro-rata tonnage basis. In a case in which loading is delayed by the actions of any one (1) Deliverer, the time lost shall be for the account of this Deliverer, as mentioned in the Statement of Facts issued by vessel's agents at the loading port.

(b) Deliverer shall deliver at a loading port berth or anchorage in the country of origin; however, in the case of landlocked countries, delivery shall be made at a berth or anchorage in the customary port of export.

(c) The port nominated by Deliverer must be capable of providing a berth or anchorage that will enable vessels drawing twenty-eight (28) feet salt water to proceed to and depart from such berth or anchorage always safely afloat. However, if permitted by vessel's draft, a berth of less than twenty-eight (28) feet salt water may be provided.

(d) Deliverer shall make settlement with Receiver, in U.S. Currency, for demurrage incurred at the loading port within sixty (60) days from the Bill of Lading date.

(e) No restriction as to destination shall be imposed by Deliverer.

(3) Settlements:

(a) Settlement shall be made on shipping weights and tests. Deliverer shall furnish:

(i) Full set of clean on-board bills of lading drawn to order or order of shipper and endorsed in negotiable form;

(ii) Commercial invoice for 100% of the value of the Ethanol, basis the Notice price;

(iii) Weight and Test Certificates; and

(iv) Certificate of origin.

(b) Upon presentation by Deliverer in New York of the required documents for all of a cargo loaded on-board Receiver's vessel by such Deliverer, Receiver shall pay for the Ethanol at the invoice price as provided in (a)(ii), without any setoff or deduction whatsoever, between the hours of 10:00 A.M. and 3:00 P.M., within two (2) hours after presentation by the Deliverer which shall be no later than 1:00 P.M. Unless otherwise mutually agreed, payment shall be made by wire transfer in same day funds.

(c)(i) At the time Deliverer furnishes bills of lading pursuant to paragraph (a)(i) hereof, the Deliverer shall so notify the Clearing Organization in writing, with a copy of such notice concurrently furnished to the Receiver, and the net amount of variation margin, if any, collected by the Receiver in respect of the contracts pursuant to which Deliverer has made delivery from the time the Multiple Delivery Notice for such contracts was issued shall be collected from Receiver by the Clearing Organization and paid to the Deliverer on the second (2nd) Business Day following receipt of such notice by the Clearing Organization, unless the Receiver notifies the Clearing Organization that the bills of lading have not been so furnished by Deliverer. Any such notice shall be in writing, with a copy concurrently furnished to the Deliverer, and shall be issued within twenty-four (24) hours of receipt of the Deliverer's notice referred to in the preceding sentence.

(ii) At the time Receiver makes payment for Ethanol pursuant to paragraph (b) hereof, the Receiver shall so notify the Clearing Organization, with a copy of such notice concurrently furnished to the Deliverer, and the net amount of variation margin, if any, collected by the Deliverer in respect of the contracts pursuant to which Receiver has made payment from the time the Multiple Delivery Notice for such contracts was issued shall be collected from Deliverer by the Clearing Organization and paid to the Receiver on the second Business Day following receipt of such notice by the Clearing Organization, unless the Deliverer notifies the Clearing Organization that such payment has not been received. Any such notice shall be in writing, with a copy concurrently furnished to the Receiver, and shall be issued within 24 hours of receipt of the Receiver's notice referred to in the preceding sentence. Notwithstanding anything to the contrary contained in this paragraph, the Clearing Organization may collect and pay the net amount of variation margin referred to in this paragraph upon receipt of notice from both Deliverer and Receiver that pro forma or final settlement has been made.

(4) The original bills of lading shall be presented by Deliverer in New York on a full banking day (whether or not an Exchange Holiday) together with the other necessary documents pursuant to subparagraph 3(a) promptly but in no event later than twenty (20) days after vessel's clearance of loading port. Deliverer shall be responsible for proven damages to Receiver resulting from failure to present such documents as herein provided.

(5) In the event a Receiver requests a document from a Deliverer which is not required to be provided under the Ethanol delivery rules and it is possible that such document may be obtained by the Deliverer, the Deliverer shall provide the requested document at the earliest possible date and at a cost to the Receiver which is not to exceed the cost incurred by the Deliverer in obtaining the document per the custom of the trade.

Rule 12.09. Arbitration Disputes

(a)(i) Any dispute arising between Members claiming that a Member has failed to meet his obligations as Deliverer or Receiver under an Ethanol contract traded on this Exchange shall be settled by arbitration in accordance with the provisions of this Rule; provided that, if the Claimant does not notify the Exchange of such failure within three (3) Business Days of the date on which such Member becomes aware of such failure, said Member shall be deemed to have waived his

rights under this Rule, without prejudice to any other rights or remedies at law or under any other provisions of the Rules.

(ii) Each notice filed pursuant to subparagraph (i) hereof shall be accompanied by a non-refundable check payable to the Exchange in the amount of \$375.

(b) Upon receipt by the Exchange of the notice of a Member's failure to meet his obligations, the Exchange shall forward one copy of said Notice to all interested parties.

(c) A Special Arbitration Committee of three (3) disinterested members of the Ethanol Committee shall be appointed by the Committee Chairman within one (1) Business Day, or soon thereafter as possible, of the Exchange's receipt of a notice that a Member has failed to meet his obligations. The Special Arbitration Committee shall establish the date, time and place for a hearing. Each Special Arbitration Committee shall determine the procedures to be followed in any hearing before it, except that the following shall apply in every case:

(i) each of the parties shall be entitled to appear personally at the hearings;

(ii) each of the parties, at his own expense, shall have the right to be represented by counsel in any aspect of the proceeding;

(iii) each of the parties shall be entitled to (A) prepare and present all relevant facts in support of the Claims and grievances, defenses or counterclaims which arise out of the Transaction or occurrence that is the subject matter of the Claim or grievance and does not require for its arbitration the presence of third parties of whom the Exchange cannot acquire jurisdiction and to present rebuttal evidence to such Claims or grievances, defenses or counterclaims made by the other parties, (B) examine the other parties, (C) examine any witnesses appearing at the hearing, and (D) examine all relevant documents presented in connection with the Claim or grievance, or any defense or counterclaim applicable thereto;

(iv) the formal rules of evidence shall not apply;

(v) no verbatim record shall be made of the proceedings, unless requested by a party who shall bear the cost of such record; if such a request is made, a stenographic transcript shall be taken, but not transcribed unless requested by a party who shall bear the cost of such transcription;

(vi) *Ex parte* contacts by any of the parties with members of the Special Arbitration Committee shall not be permitted; and

(vii) The Special Arbitration Committee shall have the power, on the request of any party or on its own motion, to require any person to testify and/or produce documentary evidence in the proceedings as and to the extent provided for in Rule 21.04.

(d) To compensate the aggrieved party for the necessary adjustments in his position, the party adjudged in default shall be required to pay to the aggrieved party no less than ten percent (10%) of the value of the Ethanol.

(e) In the case where a seller is determined to be in default by the Special Arbitration Committee then:

(i) where the settlement price (to be the price for Ethanol at the place of default, which represents the value of such Ethanol on the day for which the price is determined) determined by the Special Arbitration Committee is higher than the price stated on the Multiple Delivery Notice, the seller shall be required to pay to the buyer named on the Multiple Delivery Notice, the difference between the settlement price determined by the Special Arbitration Committee and the price stated on the Multiple Delivery Notice;

(ii) where the settlement price determined by the Special Arbitration Committee is lower than the price stated on the Multiple Delivery Notice, the buyer who received such Multiple Delivery Notice shall be required to pay to the seller the difference between the settlement price determined by the Special Arbitration Committee and the price stated on the Multiple Delivery Notice.

(f) In the case where a buyer is determined to be in default by the Special Arbitration Committee then:

(i) where the settlement price determined by the Special Arbitration Committee is higher than the price stated on the Multiple Delivery Notice received by such buyer, the seller named on the Multiple Delivery Notice shall be required to pay to the buyer the difference between the settlement price as determined by the Special Arbitration Committee and the price stated on the Multiple Delivery Notice;

(ii) where the settlement price determined by the Special Arbitration Committee is lower than the price stated in the Multiple Delivery Notice received by such buyer, the buyer shall be required to pay to the seller named on the Multiple Delivery Notice the difference between the settlement price determined by the Special Arbitration Committee and the price stated on the Multiple Delivery Notice.

(g) The Special Arbitration Committee shall render its award in writing adjudging which, if any, party is in default, declaring the settlement price, awarding the amount of money, if any, to be paid by the party in default, and granting any further remedy or relief which it deems just and equitable, which may include the award of money in the amount which exceeds the amounts to be paid pursuant to paragraphs (d), (e) and (f) of this Rule. The award of the Special Arbitration Committee shall be final and binding upon each of the parties to the arbitration, and judgment upon such award may be entered by any court having jurisdiction. In addition, any award, if not complied with within the time specified in the award, shall be enforceable by disciplinary proceedings pursuant to the Rules of the Exchange.

(h) The payment as prescribed above shall be made without any setoff or deduction whatsoever by the close of business on the second (2nd) Business Day after notification in writing of the Special Arbitration Committee's award. Payment and settlement of any default as determined above shall be effected through the President. Such payment shall be accepted as final payment, provided the net amount of any variation margins collected by either party in respect of the contracts with respect to which such payment is made from the time the Multiple Delivery Notice for such contracts was issued shall be collected from such party by the Clearing Organization and paid to the other party.

Rule 12.10. Force Majeure

Definition

(a) For purposes of this rule, Force Majeure is defined as Government intervention, war, strikes, rebellion, insurrection, civil commotion, fire, act of God, or any other such cause beyond a party's control.

Deliverer Force Majeure

(b) If a Deliverer is prevented from delivering at the port designated in the contract within the contract period by a Force Majeure situation, he shall immediately notify the Receiver and the Exchange, in writing, of such fact and of the quantity so affected. Within one (1) Exchange business day of the cessation of a Force Majeure situation, the Deliverer shall notify the Receiver and the Exchange, in writing, of such fact.

(c) As soon as a Force Majeure situation has ceased, the Deliverer shall guarantee the Receiver time within which to receive delivery of either (i) the remainder of the contract period or (ii) thirty (30) calendar days, whichever is greater. However, if the Deliverer fails to notify the Receiver of the cessation of the Force Majeure situation by 5:00 p.m. of the last day of the original delivery period or if another Force Majeure situation shall occur during any delivery period extended beyond the original delivery period as described above, a financial settlement shall be made between the Deliverer and the Receiver, but the Deliverer shall not be liable for damages.

Receiver Force Majeure

(d) If a Receiver is prevented from accepting delivery within the contract period by a Force Majeure situation, he shall immediately notify the Deliverer and the Exchange, in writing, of such fact. The period for accepting delivery shall thereafter be extended by thirty (30) calendar days from the date of the issuance of the Receiver's notice of a Force Majeure situation. If the Receiver fails to accept delivery *for any reason* (whether or not involving Force Majeure) within said thirty (30) calendar day period, he shall be in default.

Settlement

(e) The basis for settlement under paragraph (3) above shall be as follows:

(i) The Receiver shall sell to the Deliverer Ethanol equal to the amount stated in the notice letter as required in paragraph (b) above.

(ii) The Deliverer and the Receiver shall enter into a settlement at a price for Ethanol at the place of default which represents the value of such Ethanol on the day for which the price is determined as established by a Special Arbitration Committee convened pursuant to Ethanol Rule 12.09(c).

(iii) Any settlement shall be made on or before the second (2nd) Business Day after the expiration of either (A) the contract period or (B) thirty (30) calendar days after notice of termination of the Force Majeure situation, whichever is greater.

Arbitration

(f) A Member who has received a Force Majeure situation notice under this Rule may, within three (3) Business Days of receipt of such notice, commence proceedings under Rule 12.09 in order to resolve any dispute he may have arising from a Claim of Force Majeure.

(g) The President shall, as soon as is reasonably possible after receipt of such a demand, cause to be appointed and convene a Special Arbitration Committee, which, acting pursuant to Rule 12.09, will as soon as possible hear evidence on the issue of the existence of a Force Majeure situation as defined by this Rule. The Special Arbitration Committee shall issue an award stating whether or not such Force Majeure situation has been found to exist.

Rule 12.11. Memo of Deliverer

As of 5:00 P.M. on the day a Deliverer issues any Memo of Deliverer to the Clearing Organization, the port designated in such Memo of Deliverer must be free of conditions which would prohibit the possible loading and clearance of vessels carrying Ethanol, and there must exist no circumstance of the type described in the first paragraph of Rule 12.10(1) which would prevent delivery in compliance with the Rules referred to in such Memo of Deliverer. In the event that any such condition or circumstance shall come into existence with respect to the Ethanol covered by any Memo of Deliverer at any time after 5:00 P.M. on the day such Memo of Deliverer was issued to the Clearing Organization, any Receiver to whom the Clearing Organization assigns and delivers a Multiple Delivery Notice shall be obligated to accept the

same, and shall not have any Claim against either the Deliverer or the Clearing Organization as a result of the existence of such condition or circumstance.

Rule 12.12. Orders Subject to Rules

All orders given to or received by a Member shall in all respects be subject to and in accordance with the Rules; and all Transactions in Ethanol for future delivery shall be in accordance with the Rules and prescribed form of contract.

Rule 12.13. Clearing Member Open Position Reports to Clearing Organization

(a) All Members, who are members of the Clearing Organization, shall report to the Clearing Organization not later than 10:00 A.M. of each Business Day, the number of purchases and sales executed on the prior Business Day and the number of Ethanol Futures Contracts which are open on the Member's books for each delivery month at the close of business on such prior Business Day, except that for the Business Day prior to the notice day of any delivery month said Member shall report with respect to such delivery month no later than 5:00 P.M. that same day. Corrections must be filed with the Clearing Organization not later than 11:00 A.M. of the Business Day following the day with respect to which any such report is filed, except that in the case of reports required for the day prior to the notice day of any delivery month, corrections must be so filed not later than 10:00 A.M. of the following Business Day.

(b) When the account of any Customer (other than the account of a Member who is carrying a contract or contracts for his Customer or Customers) has a long and short Position in the same delivery month, only the net Position of the Customer in that delivery month will be reported to the Clearing Organization as open interest.

(c) In the case where a long and short Position in the same delivery month is carried by a non-clearing member of the Exchange for a Customer, it shall be the responsibility of the Carrying Member to advise the Clearing Member that the long and short Position is for the account of the same Customer. In that event, the Clearing Member will not report that Position to the Clearing Organization as open interest.

(d) The purpose of this Rule is to enable the Exchange to publish each Business Day the open position in Ethanol contracts for each month.

(e) All Members carrying contracts for the accounts of others must act with diligence in reporting and correcting errors in their Positions as reported to the Clearing Organization by Clearing Members or to Clearing Members by Carrying Members.

(f) Clearing Members making corrections in their Positions with the Clearing Organization subsequent to the publishing of the daily open positions by the Exchange shall promptly file with the President a statement of the details of such correction, the manner in which the error occurred and, if a Carrying Member be the cause of the error, his name should be supplied.

Rule 12.14. Reported Sales

The reported sales for each month, as made each day from the opening of the Exchange until its closing, shall be taken as the full day's report.

ETHANOL OPTION RULES

⇒ *Trading on the Ethanol Options Contract will commence trading on the Exchange May 10, 2004.*

Rule 12.20. Scope of Chapter

This Chapter governs transactions involving Options to enter into Ethanol Futures Contracts on the Exchange.

Rule 12.21. Option—Forms

(a) All Ethanol Call Options shall be in the following form:

ETHANOL CALL OPTION

New York, N.Y. _____ 20—

_____ (the Grantor) hereby grants to _____ (the Purchaser) an Option to enter into one (1) Ethanol Futures Contract on the New York Board of Trade (“Exchange”) to purchase Ethanol for delivery in _____ (the delivery month of the Option's Underlying Futures Contract) at a price of _____ cents per gallon (the Striking Price).

The Purchaser hereby agrees to pay a Premium of \$_____ for this Option.

This Option is, and any futures contract resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of the Exchange, of the Clearing Organization, and of any successor to either of them, as adopted or amended from time to time.

(b) All Ethanol Put Options shall be in the following form:

ETHANOL PUT OPTION

New York, N.Y. _____ 20—

_____ (the Grantor) hereby grants to _____ (the Purchaser) an Option to enter into one (1) Ethanol Futures Contract on the New York Board of Trade to sell Ethanol for delivery in _____ (the delivery month of the Option's Underlying Futures Contract) at a price of _____ cents per gallon (the Striking Price).

The Purchaser hereby agrees to pay a Premium of \$_____ for this Option.

This Option is, and any futures contract resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of the Exchange, of the Clearing Organization, and of any successor to either of them, as adopted or amended from time to time.

(c) Ethanol Options shall not be transferred, assigned or otherwise disposed of other than on the Exchange, subject to the Rules and to the Clearing Organization Rules.

Rule 12.22. Trading Months

(a) Except as the Board may from time to time prescribe otherwise, Ethanol Options shall be traded with respect to Option determined in accordance with the following:

(i) Trading shall be conducted in an Option traded on the February futures which shall expire in February, an Option traded on the April futures which shall expire in April, an

Option traded on the June futures which shall expire in June, an Option traded on the September futures which shall expire in September and an Option traded on the November futures which shall expire in November hereinafter referred to as the "Regular Option Months"; and

(ii) If trading has commenced in the Underlying Futures Contract, a new Option shall be listed for trading as follows:

(A) a new Regular Option Month shall be listed for trading on the first (1st) trading day following the first (1st) trading day for the Underlying Futures Contract month.

Rule 12.23. Last Trading Day

The Last Trading Day for any Regular Option Month shall be the second (2nd) Friday of the calendar month in which such Option expires; *provided, however*, that in the event the Exchange is closed on such Friday then:

(a) if the Exchange is closed because such Friday is a designated Exchange Holiday, which has been so designated for more than one (1) week prior thereto, the term "Last Trading Day" shall mean the trading day preceding such Friday; and

(b) if the Exchange is closed on such Friday for any other reason, the term "Last Trading Day" shall mean the first (1st) trading day after such Friday.

Rule 12.24. Striking Prices

(a) Trading shall only be conducted in regular Options having Striking Prices determined in accordance with this Rule.

(b) The Striking Prices of Options that are listed for trading shall be at levels (the "prescribed levels") set in intervals (the "prescribed intervals") of five cents (\$0.05) per gallon.

(c) Except as the Board or President may from time to time prescribe otherwise, Ethanol Options shall be listed for trading with particular prices for each Option Month as follows:

(i) At the time Ethanol Options for any Regular Option Month are first (1st) listed for trading pursuant to Rule 12.02, they shall be listed with seven (7) Striking Prices. The first (1st) such Striking Price will be set at the prescribed level which is equal to the Settlement Price for the Underlying Futures Contract on the previous trading day, or if such Settlement Price is not equal to any such prescribed level, then at the next prescribed level above such Settlement Price. The other six (6) Striking Prices shall be at each of the three (3) prescribed levels next above and the three (3) prescribed levels next below the first (1st) Striking Price.

(ii) Whenever the Striking Prices of the listed Options for any Regular Option Month do not include the first (1st) prescribed level above the Settlement Price for the Underlying Futures Contract on the previous trading day, or either of the three (3) prescribed levels above or below such a level, they shall be listed for trading on the following day, along with any unlisted level between such Settlement Price and the Settlement Price of the Underlying Futures Contract on the previous trading day.

(iii) Any listing of Striking Prices prescribed by the Board or the President under this Rule shall be made effective upon adoption or as otherwise determined by the Board or the President.

(d) An Option shall be delisted if for ten (10) consecutive trading days no Transaction is executed, and there is no open Position, in such Option; *provided, however*, that no Option shall be so delisted if it has a Striking Price which is at the first (1st) prescribed level above the

Settlement Price of the Underlying Futures Contract on the previous trading day, or is at either of the three (3) prescribed levels above or below such level; and provided further that no Option shall be so delisted if there is an Option in another class with the same Striking Price that does not otherwise qualify for delisting.

Rule 12.25. Premium Quotations

Premiums shall be quoted in cents and tenths of a cent per gallon. The minimum fluctuation in Premiums shall be \$.001 per gallon, except that Trades may occur at a price of \$1.00 per Option Contract if such Trades result in the liquidation of Positions for both parties to the Trade.

Rule 12.26. Obligations of Option Purchasers

(a) The Purchaser which purchases an Ethanol Option on the floor of the Exchange shall cause such Option to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Purchaser which clears an Ethanol Option shall pay in full the Premium to the Clearing Organization in accordance with the Clearing Organization Rules.

(c) The Purchaser of an Ethanol Option shall, upon exercising such Option in accordance with the Rules, enter into an Underlying Futures Contract to buy (in the case of a Call) or to sell (in the case of a Put) Ethanol for delivery in the Regular Option Month's Underlying Futures Contract, at the Striking Price specified in such Option; *provided, however*, that any such contract entered into upon exercise shall be entered into for the account of the Person having purchased the Ethanol Option.

Rule 12.27. Obligations of Option Grantors

(a) The Grantor which grants an Ethanol Option on the floor of the Exchange shall cause such Option to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Grantor which clears an Ethanol Option shall make such Margin deposits as the Clearing Organization may require.

(c) The Grantor of an Ethanol Option shall, upon being assigned an Exercise Notice in accordance with the Clearing Organization Rules, enter into an Underlying Futures Contract to sell (in the case of a Call) or to buy (in the case of a Put) Ethanol for delivery in the Regular Option Month's Underlying Futures Contract, at the Striking Price specified in such Option; *provided, however*, that any such contract entered into upon assignment of an Exercise Notice shall be entered into for the account of the Person having granted the Ethanol Option.

Rule 12.28. Effect of Clearance

Upon acceptance of an Ethanol Option by the Clearing Organization, the Clearing Organization shall be substituted as, and assume the position of, the Purchaser to the Clearing Member which is the Grantor and the position of the Grantor to the Clearing Member which is the Purchaser; and thereupon the Clearing Organization shall have all the rights and obligations with respect to such Option as the parties for which it is substituted.

Rule 12.29. Expiration and Exercise of Options

(a) All Ethanol Options shall expire at 9:00 p.m. on the Last Trading Day.

(b) The Purchaser must receive from its Customer which intends to exercise an Ethanol Option on the Last Trading Day, notification of such intention not later than 3:00 p.m. on such day. In order for a Purchaser to exercise an Ethanol Option for its own account on the Last

Trading Day it must have done so or have made a determination to do so not later than 3:00 p.m. on such day. The Purchaser must make and maintain a record of all notices received and all determinations made pursuant to this Rule, and such record must show by time stamp or otherwise the date and time of receipt or making.

(c) The Purchaser of an Ethanol Option may exercise such Option on any Business Day by giving an Exercise Notice to the Clearing Organization no later than 5:00 p.m. Such notice shall be effective upon the opening of Ethanol futures trading on the Business Day following the day of receipt by the Clearing Organization. An Exercise Notice with respect to an Ethanol Option purchased on the day such notice is given shall not be effective unless such Option has been accepted by the Clearing Organization. An Exercise Notice which is given with respect to an Option which is not accepted by the Clearing Organization shall be deemed withdrawn by the Purchaser.

(d) Exercise Notices shall be in such form or forms as the Exchange may from time to time prescribe.

(e) If an Exercise Notice is given, the Purchaser shall deposit Original Margin for the Underlying Futures Contract with the Clearing Organization at such time as may be required by the Clearing Organization.

(f) The Clearing Organization shall assign Exercise Notices (with respect to Ethanol Options which have been accepted by it) by 8:30 a.m. on the trading day following the day of receipt, to Grantors holding open Positions in the Option Month of any such Option after the close of trading on the day of receipt by the Clearing Organization. Any such assignment shall be based upon the gross open Position of such Grantors.

(g) Upon exercise of each Ethanol Option, notification thereof shall be given to the Option Grantor.

Rule 12.30. Clearing Member Reports to Clearing Organization

(a) All Members, who are members of the Clearing Organization, shall report to the Clearing Organization, not later than 7:00 P.M. on each Business Day, the total number of open long options and the total number of open short Options, in each Options series, carried by the Clearing Member as of the close of business on the Business Day. Corrections must be filed with the Clearing Organization not later than 11:00 A.M. of the Business Day following the day with respect to which any such report is filed. Such open Position report shall be in the form as may from time to time be prescribed by the Clearing Organization.

(b) When the account of any Customer (other than an account carried on an omnibus basis) has a long and short Position in the same Option series, only the net Position of the Customer in that Option series will be reported to the Clearing Organization, as open interest.

(c) In the case where a long and short Position in the same Option series is carried by a non-clearing member of the Exchange for a Customer, it shall be the responsibility of the Carrying Member to advise the Clearing Member that the long and short Position is for the account of the same Customer. In that event, the Clearing Member will not report that Position to the Clearing Organization, as open interest.

(d) All Members carrying contracts for the account of others must act with diligence in reporting and correcting errors in their Positions as reported to the Clearing Organization, by Clearing Members or to Clearing Members by Carrying Members.

(e) Clearing Members making corrections in their Positions with the Clearing Organization subsequent to the publishing of the daily open positions by the Exchange shall promptly file with

the Exchange a statement of the details of such correction, the manner in which the error occurred and, if a Carrying Member be the cause of the error, his name should be supplied.