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October 31, 2007

Mr. David Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Reference File #2843.02  
Rule Certification

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT<sup>®</sup>) hereby submits the following new rulebook provisions (copies attached):

- **Interpretations & Special Notices Relating to Chapter 5B; Chapter 7A "Delivery Facilities and Delivery Procedures (for July 2008 Contracts Forward)"; Chapter 14B "Mini-sized Wheat Futures (for Contracts Expiring Prior to July 2008)"; Chapter 20B "Flexible Options on Medium-Term Treasury Note Futures"; Chapter 24A "Options on 5-Year Interest Rate Swap Futures".**

This filing supplements a CBOT submission, dated October 25, 2007 (CBOT Reference File #2843.01), of an entirely revised CBOT Rulebook. The attached provisions were omitted inadvertently from CBOT's previous submission.

The CBOT intends to implement the attached provisions as of November 29, 2007.

There were no opposing views with respect to these provisions.

The CBOT certifies that these provisions comply with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths  
Vice President and Secretary

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 5B**

**LIFFE CORE NETWORK ACCEPTABLE USE POLICY**

**1. Permitted Purpose**

Except as otherwise agreed by LIFFE, those Persons authorized to use the Core Network in relation to the CBOT Electronic Exchange ("Users") shall use the Core Network solely for purposes of participating in, accessing or obtaining information from the CBOT Electronic Exchange via an interface with the Equipment.

**2. Compliance with Laws**

Users shall use the Core Network in accordance with all applicable laws and regulations and any additional reasonable requirements as LIFFE may deem necessary to protect the Core Network. Without limiting the foregoing, Users shall not use, transmit, distribute or store via the Core Network any data, information or other material ("Data") which (i) infringes or otherwise violates any copyright, trademark, trade secret or other intellectual property of any individual or entity; (ii) is pornographic, obscene, or exploitative of a minor; (iii) is menacing, malicious, illegally threatening or defamatory; or (iv) violates export laws or otherwise violates any applicable treaty, law or regulation.

**3. Harmful Activities**

Users shall not use the Core Network to transmit, distribute or store any Data or undertake any other activities that may be harmful to or otherwise interfere with (i) the Core Network or the use thereof by any other User or other authorized user of the Core Network, or (ii) any system, network or equipment of LIFFE or any third party, including: (i) intercepting or attempting to intercept Data or other transmissions passing over the Core Network; (ii) forwarding chain letters; (iii) sending multiple e-mails or large transmissions that could reasonably be expected to annoy or harass or to impose a disproportionately large load on, or degrade the functionality of, the Core Network (e.g., "mail bombing"); (iv) sending any e-mail containing misleading or incorrect headers or information rendering the origin of the e-mail unclear or deceptive; (v) sending bulk or unsolicited e-mail messages ("spamming"), either directly or by relaying; or (vi) transmitting any virus, worm or Trojan Horse.

**4. Security**

4.1 Users shall not violate or attempt to violate the security of the Core Network or interfere or attempt to interfere with LIFFE's systems, networks, authentication measures, servers or equipment or with the use of or access to the Core Network by any other User or any other authorized user of the Core Network. Such prohibited activity includes (i) logging into a server where access is not authorized; (ii) probing, scanning, or testing the security or vulnerability of the Core Network or other networks; and (iii) attempting to gain access via the Core Network to any account or computer resource not belonging to such User ("spoofing").

4.2 Users shall not monitor Data or traffic on the Core Network except via a Trading Application or Interface.

**5. Enforcement**

Except as may be agreed between LIFFE and the CBOT, LIFFE shall have no obligation to monitor or exercise control over any Data transmitted, distributed or stored by any User via the Core Network. Notwithstanding the foregoing, LIFFE reserves the right to monitor and control activities undertaken via the Core Network.

**6. Responsibility**

Each User is fully responsible for all uses of the Core Network undertaken (i) by such User or (ii) via such User's Trading Application or Interface. (11/01/03)

**e-cbot ERROR TRADE POLICY**

The CBOT's error trade policy is designed to preserve the integrity of CBOT product markets by striking an appropriate balance between trade certainty and erroneous price discovery. The policy provides a mechanism to promptly address transactions that are executed at obviously erroneous prices substantially inconsistent with the last trade price of the contract or alternative determination of the contract's fair value. This policy does not relieve market participants from potential financial responsibility or liability for the execution of trades that are deemed or asserted to be an "error trade" if their actions caused financial loss to other parties.

#### **1. Invoking the Error Trade Policy**

If an e-cbot user believes that he executed a trade through e-cbot at a price that was in error, he must contact e-cbot Market Operations ("Market Operations") at (312) 347-4600 without delay. If Market Operations is not notified within five minutes of the execution time of the asserted error trade, the trade will stand. A third party or Market Operations may also call a trade into question within five minutes of the execution. Trades called into question within five minutes will be evaluated in accordance with sections 2 and 3 of this policy. However, Market Operations has the authority, but not the obligation, to consider trades reported after the five minute deadline provided the trade price in question is grossly out of line (i.e. multiple points) with the last trade price or alternatively determined fair value of the respective contract.

Trades resulting from quantity errors generally will not be called into question.

#### **2. Trade Price Within the "No Bust" or "No Adjust" Range"**

If a futures transaction is asserted to be at a price that is in error, the trade shall not be considered for review by Market Operations unless the price of the asserted error trade is greater than the designated number of ticks (as outlined in the "Tick Breakdown per CBOT Product" chart set forth below) from the reference price. The reference price will be the last trade price preceding the entry of the asserted error trade or an alternatively determined fair value for the contract. Fair value for futures contracts may be determined by the last trade price, preceding settlement price, spread relationships and/or other variables deemed relevant by Market Operations. However, during side-by-side hours the reference price on a downside (upside) move will never be higher (lower) than the low (high) of the pit traded price for an equivalent contract during the time period that the prices of the contracts were disjointed. During non-side-by-side hours, the reference price will never be higher (lower) than the low (high) of an equivalently traded contract.

If Market Operations contacts a member user regarding a suspicious order and the user states that the order is entered correctly, the order (if subsequently executed) may only be called into question by a third party.

Trades that are executed outside of the daily price limits will be busted by Market Operations irrespective of whether the trade(s) falls within the "no bust range" established above.

#### **3. Trade Price Outside of the "No Bust" or "No Adjust" Range"**

If the price of the asserted error trade is more than the specified number of ticks from the reference price, Market Operations will send a broadcast message to the user community indicating that the trade has been called into question. If the asserted error trade is outside of the specified tick range and involves only two parties, Market Operations will attempt to contact the parties to the transaction. If both parties agree to bust or re-price the transaction, Market Operations shall send a broadcast message to the user community and an alert to the quote vendor network indicating that the trade was busted or re-priced.

If there is more than one contra-party to the order asserted to have been executed in error, Market Operations will gauge the erroneous transactions against the error trade range to determine the final status of the trades.

#### **4. Market Operations Authority to Halt Markets**

Market Operations shall have the authority to halt markets in any contract during extraordinary circumstances where there has been a major market movement without any apparent economic or fundamental basis for movement to have occurred.

#### **5. Decisions of Market Operations**

A. Market Operations will review the circumstances surrounding an asserted error trade to determine whether it should be deemed an error trade and whether it should be busted or repriced. If the trade is repriced to a level that is below a sell limit price or above a buy limit price, the customer cannot reject the trade. Similarly,

if the trade is repriced to a level that is higher/lower than the trigger price of the sell/buy stop order, the customer cannot reject the trade. The trade will be cleared at the repriced level and allocated to the customer's account. Parties to these transactions are permitted to make cash adjustments to settle losses that occur as a result of an asserted error trade or an actual error trade. Should parties to a disputed transaction be unable to mutually resolve financial disputes arising from such transactions, arbitration facilities are available through the Exchange. The Arbitration Committee may hold the party who entered the order that resulted in an asserted error trade or an actual error trade financially responsible for losses that occur as a result of the busted or repriced trade(s).

Trade certainty and the timely resolution of asserted error trades are critical objectives of this policy. Therefore, if parties to a disputed transaction do not agree to the terms of resolution, Market Operations reserves the final authority to determine the disposition of the questioned transaction.

During side-by-side trading hours, Market Operations shall, unless impracticable, make its determination within 10 minutes of the broadcast message regarding the asserted error trade. During non side-by-side trading hours, Market Operations shall, unless impracticable, make its determination within 15 minutes of the broadcast message regarding the asserted error trade. The decisions of Market Operations shall be final, and Market Operations shall send a broadcast message and an alert to the quote vendor network indicating whether the trade was busted, re-priced or allowed to stand.

- B. In making its determination, Market Operations may consider relevant factors including, but not limited to: market conditions immediately before and after the transaction; the prices of related contracts; whether one or more parties to the trade believe the trade was executed at a valid price; the extent to which the transaction appeared to trigger contingency orders and other trades; information related to the Market Operations by third parties.

#### **6. Procedures for Correcting Error Trades**

In the event a trade is busted or repriced, the parties to the transaction must reverse the transaction through applicable clearing house procedures. Market Operations will notify the Market Regulation Department regarding any situation where a party fails to claim or misclear trades in a timely manner. Such failure may be deemed an act detrimental to the interest or welfare of the Exchange.

Under no circumstances shall the parties to an asserted error trade be permitted to reverse the error by entering into a prearranged transaction.

If the asserted error trade is determined not to be an actual error trade, the parties to the trade are permitted to mutually agree upon a cash adjustment or to arbitrate the matter. Any cash adjustment must be reported to Market Operations.

#### **7. Spreads**

Because of the autoleg feature of the e-cbot system, spreads may be executed such that one leg of the spread is determined to be an error trade and the other leg is deemed to have been executed at a good price. In such circumstances, the party who enters an outright order that causes an error trade on an autolegged spread will be deemed to be the counterparty to the good leg of the spread (see the "Example of Autoleg Error" set forth below). The parties to the transactions will reverse and claim the transactions as indicated through the applicable clearing house procedures.

#### **8. Determination of Option Error Trades**

If an option trade is asserted to be at a price that is in error, the trade shall not be considered for review by Market Operations unless the price of the asserted error trade conforms to the following guidelines:

Market Operations will identify potential error trades by one of two means:

1. Notification by market participants within five minutes of the execution time of the asserted error trade.
2. Determination that the price of an option or option strategy is greater than the designated number of ticks (as outlined in Table 1) from fair value.

Table 1:

Products	Error Alert Range
U.S. Treasury	3 ticks
30 Day Fed Funds	6 ticks
CBOT Dow & mini-sized Dow	10 ticks
Commodity	6 ticks

### Determining Average Bid and Offer

Market Operations will calculate a bid price or an offer price in order to determine whether the potential error trade should be considered an error. If the trade is determined to be an error trade, Market Operations will also use the bid or offer price to determine the price adjustment of the error trade.

Market Operations will determine the bid or the offer of an option or an option strategy by using as many as four procedures:

1. Market Operations will observe the bid and the offer prices prior to the potential error occurring.
2. Market Operations will submit RFQs using delta neutral strategies with futures at the same level prior to the execution of the potential error.
3. Market Operations will attempt to contact at least three market makers that were not involved in the potential error trade in order to determine their bids and offers prior to the potential error occurring.
4. During regular trading hours (which are defined as the hours of open auction), Market Operations may also obtain bid and offer prices from the open auction platform using delta neutral strategies with futures at the same level prior to the execution of the potential error.

Market Operations will determine the average bid or offer price based upon the size of the error trade and the market depth. The average price will be calculated by:

1. Determining the true average (weighted average) bid or offer price.
2. Rounding the true average to the nearest tick value, up for buy orders and down for sell orders.

If the depth of the market in response to the first RFQ is less than the size of the order, Market Operations will submit a second RFQ for the size of the error trade. Market Operations will calculate the average bid or offer price based upon the size of the error trade. If the depth of the response to the second RFQ is less than the size of the trade, Market Operations will calculate an average bid or offer based upon the depth of the market.

### Identifying an Option Error Trade

Market Operations will consider an option trade an error if it determines that:

1. The trade has been executed at a price at least two ticks below the determined bid price in the case of a sell error, or
2. The trade has been executed at a price at least two ticks above the determined offer price in the case of a buy error.

### Determining an Adjustment for Option Error Trades

All option error trades will be resolved by price adjustment and may not be resolved by busting the disputed transactions. The adjusted price of an option error trade will be a price one tick less than the determined bid price in the case of a sell error or one tick greater than the determined offer price in the case of a buy error.

## 9. Determination of Error Trades in the Metals Futures Complex

Market Operations will identify potential error trades by one of two means:

1. Notification by market participants within five minutes of the execution time of the asserted error trade.

2. Determination that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.

#### **Determining Reference Price in the Metals Futures Complex**

For sell/buy errors in the Metals Complex, Market Operations will identify the low/high for the equivalent contract for the time period that the markets were disjointed and use that value as the reference price. If the trade is determined to be an error trade, Market Operations will also use the reference price to determine the price adjustment of the error trade.

#### **Identifying an Error Trade in the Metals Futures Complex**

Market Operations may determine that a metals futures trade is an error if the trade has been executed at a price more than \$4 away from the relevant reference price for the Gold Complex and more than 8¢ away from the relevant reference price for the Silver Complex.

#### **Determining an Adjustment for Error Trades in the Metals Futures Complex**

All error trades in the Metals futures complex will be resolved by adjusting the price of the error trade in accordance with the following:

Gold: \$4 less than the determined reference price in the case of a sell error or \$4 greater than the determined reference price in the case of a buy error.

Silver: 8¢ less than the determined reference price in the case of a sell error or 8¢ greater than the determined reference price in the case of a buy error.

No trades shall be busted.

#### **10. Determination of Error Trades in Agricultural Futures Complex**

Market Operations will identify potential error trades in agricultural futures by one of two means:

1. Notification by market participants within five minutes of the execution time of the asserted error trade;
2. Determination that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.

#### **Determining Reference Prices in the Agricultural Futures Complex**

During side-by-side hours, the reference price on a downside (upside) move will never be higher (lower) than the low (high) of the pit traded price for an equivalent contract during the time period that the prices of the contracts were disjointed. If the trade is determined to be an error trade, Market Operations will also use the reference price to determine the price adjustment of the error trade.

During non side-by-side hours, the reference price will be the last trade price preceding the entry of the asserted error trade or an alternatively determined fair value for the contract. Fair value for futures contracts may be determined by the last trade price, preceding settlement price, spread relationships and/or other variables deemed relevant by Market Operations.

#### **Identifying an Error Trade in the Agricultural Futures Complex**

Market Operations will identify error trades by determining that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.

#### **Determining an Adjustment for Agricultural Futures Complex Error Trades**

All error trades in the agricultural futures complex will be resolved by adjusting the price of the error trade based on the reference price and the "Price Adjustment Level" set forth in the "Tick Breakdown per CBOT Product" chart set forth below.

No trades shall be busted.

#### 11. Arbitration Procedures

For CBOT arbitrations involving actual error trades or asserted error trades, a notice of intention to arbitrate must be filed within ten business days after the date of the error trade. The party who caused the error may be held responsible for realized losses incurred by parties as a result of the error.

#### 12. Error Trade Fees

The party responsible for the error must pay a \$1,000 fee for each of the first two error trades, \$3,000 for the 3<sup>rd</sup> error trade, and \$5,000 for each subsequent error trade within a calendar year. 08/01/06

### TICK BREAKDOWN PER CBOT PRODUCT

Product	Symbol	Minimum Tick Increment	No Bust Range	Tick Increment or No Bust Range	Dynamic Price Limits	Daily Price Limit
U.S. T-Bond	ZB	1/32	3 points	96 ticks	30/32nds	N/A
U.S. T-Bond Options	OZB	1/64	N/A	N/A	20/64ths	N/A
10 Yr. T-Note	ZN	(1/2)/32	3 points	192 ticks	15/32nds	N/A
10 Yr. T-Note Options	OZN	1/64	N/A	N/A	20/64ths	N/A
5 Yr. T-Note	ZF	(1/2)/32	3 points	192 ticks	15/32nds	N/A
5 Yr. T-Note Options	OZF	1/64	N/A	N/A	20/64ths	N/A
2 Yr. T-Note	ZT	(1/4)/32	3 points	384 ticks	7.5/32nds	N/A
2 Yr. T-Note Options	OZT	(1/2)/64	N/A	N/A	10/64ths	N/A
30-Day Fed Funds	ZQ	1/2 Basis Point	10 Points	20 ticks	10 points	N/A
30-Day Fed Funds Options	OZQ	1/2 Basis Point	N/A	N/A	5 points	N/A
Binary Fed Funds Options	BUS	1 point	N/A	N/A	N/A	N/A
30 Yr. Interest Rate Swaps	QS	(1/2) 1/32	10/32nds	20 ticks	10/32nds	N/A
10 Yr. Interest Rate Swaps	SR	(1/2) 1/32	10/32nds	20 ticks	10/32nds	N/A
10 Yr. Interest Rate Swaps Options	OSR	1/64	N/A	N/A	20/64ths	N/A
5 Yr. Interest Rate Swaps	SA	(1/2)/32	10/32nds	20 ticks	10/32nds	N/A
5 Yr. Interest Rate Swaps Options	OSA	1/64	N/A	N/A	20/64ths	N/A
Credit Default Swap Index	CX	0.01 Points	1 Point	100 ticks	1 Point	N/A
Dow AIG-ER Commodity Index	ER	0.1 Points	4 Points	40 ticks	4 points	N/A
DJIA (\$10)	ZD	1 Point	250 Points	250 Points	40 points	10%, 20% and 30% Circuit Breakers
DJIA Options	OZD	1/2 Point	N/A	N/A	20 points	10%, 20% and 30% Circuit Breakers

mini-sized Dow (\$5)	YM	1 Point	250 Points	250 Points	40 points	10%, 20% and 30% Circuit Breakers
mini-sized Dow Options	OYM	1 Point	N/A	N/A	40 points	10%, 20% and 30% Circuit Breakers
DJIA (\$25)	DD	1 Point	250 Points	250 Points	40 points	10%, 20% and 30% Circuit Breakers
Dow Jones US Real Estate Index	RE	0.1 point	4 points	40 ticks	4 points	10%, 20% and 30% Circuit Breakers
mini-sized Eurodollar	YE	½ basis point	5 points	10 ticks	5 points	N/A
100 oz. Gold Options	OZG	10 cents	N/A	N/A	\$2.00	N/A
5,000 oz. Silver Options	OZI	1/10 cent	N/A	N/A	4 cents	N/A



Product	Symbol	Minimum Tick Increment	No. Adjust Ranges	Tick Increment or No. Adjust Ranges	Price Adjustment Level	Dynamic Price Limits (Overnight 8:30 a.m. - 9:15 a.m.)	Dynamic Price Limits (Post 9:15 a.m.)	Dynamic Price Limits (spreads)	Daily Price Limit
100 oz. Gold	ZG	10 cents	\$4.00	40 ticks	Reference price plus/minus 40 ticks	\$4.00	N/A	\$4.00	N/A
mini-sized Gold	YG	10 cents	\$4.00	40 ticks	Reference price plus/minus 40 ticks	\$4.00	N/A	\$4.00	N/A
5,000 oz. Silver	ZI	1/10 cent	8 cents	80 ticks	Reference price plus/minus 80 ticks	8 cents	N/A	8 cents	N/A
mini-sized Silver	YI	1/10 cent	8 cents	80 ticks	Reference price plus/minus 80 ticks	8 cents	N/A	8 cents	N/A
Ethanol	ZE	1/10 cent	8 cents	80 ticks	Reference price plus/minus 40 ticks	16 cents	12 cents	6 cents	30 cents
Ethanol Options	OZE	1/10 cent	N/A	N/A	1 tick below bid/1 tick above offer	20 cents	20 cents	20 cents	30 cents
Corn	ZC	¼ cent	10 cents	40 ticks	Reference price plus/minus 20 ticks	10 cents	5 cents	2 ½ cents	20 cents
Corn Options	OZC	1/8 cent	N/A	N/A	1 tick below bid/1 tick above offer	2½ cents	2½ cents	2½ cents	20 cents
mini-sized Corn	XC	1/8 cent	10 cents	80 ticks	Reference price plus/minus 80 ticks	10 cents	N/A	2 ½ cents	20 cents
Wheat	ZW	¼ cent	10 cents	40 ticks	Reference price plus/minus 20 ticks	10 cents	5 cents	2 ½ cents	30 cents
Wheat Options	OZW	1/8 cent	N/A	N/A	1 tick below bid/1 tick above offer	2½ cents	2½ cents	2½ cents	30 cents
mini-sized Wheat	XW	1/8 cent	10 cents	80 ticks	Reference price plus/minus 80 ticks	10 cents	N/A	2 ½ cents	30 cents
Oat	ZO	¼ cent	10 cents	40 ticks	Reference price plus/minus 40 ticks	10 cents	10 cents	10 cents	20 cents
Oat Options	OZO	1/8 cent	N/A	N/A	1 tick below bid/1 tick above offer	2½ cents	2½ cents	2½ cents	20 cents

Product	Symbol	Minimum Tick Increment	No. Adjust. Range	Tick Increment or No. Adjust. Range	Price Adjustment Level	Dynamic Price Limits (overnight 8:30 a.m. - 8:45 a.m.)	Dynamic Price Limits (Post 9:45 a.m.)	Dynamic Price Limits (Spreads)	Daily Price Limit
Rough Rice	ZR	½ cent	20 cents	40 ticks	Reference price plus/minus 40 ticks	20 cents	20 cents	20 cents	50 cents
Rough Rice Options	OZR	¼ cent	N/A	N/A	1 tick below bid/1 tick above offer	5 cents	5 cents	5 cents	50 cents
South American Soybeans	ZK	¼ cent	20 cents	80 ticks	Reference price plus/minus 40 ticks	20 cents	10 cents	5 cents	50 cents
Soybeans	ZS	¼ cent	10 cents	40 ticks	Reference price plus/minus 20 ticks	20 cents	10 cents	5 cents	50 cents
Soybean Options	OZS	1/8 cent	N/A	N/A	1 tick below bid/1 tick above offer	5 cents	5 cents	5 cents	50 cents
mini-sized Soybeans	XB	1/8 cent	10 cents	80 ticks	Reference price plus/minus 80 ticks	10 cents	N/A	5 cents	50 cents
Soybean Meal	ZM	10 cents	\$8.00	80 ticks	Reference price plus/minus 40 ticks	\$8.00	\$4.00	\$2.00	\$20
Soybean Meal Options	OZM	5 cents	N/A	N/A	1 tick below bid/1 tick above offer	\$2.00	\$2.00	\$2.00	\$20
Soybean Oil	ZL	1/100 cents	.80 cents	80 ticks	Reference price plus/minus 40 ticks	.80 cents	.40 cents	.20 cents	2 cents
Soybean Oil Options	OZL	5/1000 cents	N/A	N/A	1 tick below bid/1 tick above offer	.20 cents	.20 cents	.20 cents	2 cents

Market Operations reserves the right to modify the dynamic price limits during periods of high volatility. Market Operations will send a system message whenever dynamic price limits are modified. (06/25/07)

#### EXAMPLE OF AUTOLEG ERROR

Trader "A" has a spread order in the book to buy June Bonds and sell September Bonds. (Please note that when you enter a spread order into the system, it assigns prices to the individual legs and the order is included in the outright order books.)

Trader "B" has an order to sell June Bonds.

Trader "C" makes an error by entering a bid in the September contract (he intended to bid June). Trader C's bid for September matches against Trader A's sell September portion of the spread, which triggers Trader A's buy June portion of the spread to match against Trader B's sell June order.

The September trade between Trader C and Trader A is determined to be an error trade. The June trade between A and B is executed at an economically justifiable price.

The September leg is determined to be an error trade and is busted. Trader C is then required to claim the June leg executed for Trader A.

**Summary**

<b>June Bonds</b>		<b>Sep Bonds</b>	
Buy	Sell	Buy	Sell
A	B	C	A

Trader C is cause of error

Trader A vs. B = good price

Trader A vs. C = bad price

Trader A vs. C leg is determined to be an error trade and is busted

Trader A vs. B leg is reversed and Trader C is required to claim the trade so that Trader B is not harmed. (11/01/03)

**CHAPTER 7A  
DELIVERY FACILITIES AND DELIVERY PROCEDURES  
(FOR JULY 2008 CONTRACTS FORWARD)**

**GENERAL**

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- 701. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**
- 702. CLEARING MEMBER DUTIES TO THE CLEARING HOUSE**

**DELIVERY FACILITIES AND DELIVERY PROCEDURES  
FOR AGRICULTURAL COMMODITIES AND ETHANOL**

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**GRAIN LOAD-OUT PROCEDURES**

**SOUTH AMERICAN SOYBEAN CONTRACT LOAD-OUT PROCEDURES**

**LETTER OF CREDIT AND BOND STANDARDS**

**ELEVATORS IN THE CHICAGO AND BURNS HARBOR SWITCHING DISTRICTS  
(WHEAT & OATS)**

**ELEVATORS IN THE ST. LOUIS AND EAST ST. LOUIS SWITCHING DISTRICT (WHEAT)**

**ELEVATORS IN THE MINNEAPOLIS AND ST. PAUL SWITCHING DISTRICTS (OATS)**

**ELEVATORS IN THE TOLEDO, OHIO SWITCHING DISTRICT (WHEAT)**

**CORN AND SOYBEAN SHIPPING STATIONS**

**SOYBEAN ONLY SHIPPING STATIONS**

**CRUDE SOYBEAN OIL FACILITIES**

**SOYBEAN MEAL FACILITIES**

**ETHANOL SHIPPING PLANTS**

**SOUTH AMERICAN SOYBEAN SHIPPING FACILITIES**

**ROUGH RICE REGULARITY**

**Chapter 7A**  
**Delivery Facilities and Delivery Procedures**  
**[For July 2008 Contracts Forward]**

[After the last delivery date for the May 2008 Wheat and Oat futures contracts, this chapter will become Chapter 7.]

**GENERAL**

**700. SCOPE OF CHAPTER**

Deliveries and delivery facilities shall be governed by this chapter and, where applicable, the chapter which includes the contract specifications for the commodities being delivered and such other requirements as the Exchange may prescribe.

**701. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

If a determination is made by the Board or the Business Conduct Committee that delivery or final settlement of any contract cannot be completed as a result of any emergency, it shall take such action as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract. Notwithstanding the above, in the event that the Board or the Business Conduct Committee cannot be convened on a timely basis, the Chief Executive Officer, the President, or the Chief Operating Officer may take any action deemed necessary, and such action shall be binding upon all parties to the contract.

It shall be the duty of clearing members, members and regular facilities to notify the Exchange of any circumstances wherein a delivery or acceptance or any precondition or requirement thereof is prevented by an act of government, act of God or other emergency.

**702. CLEARING MEMBER DUTIES TO THE CLEARING HOUSE**

Every clearing member carrying open long or short positions shall present to the Clearing House each business day an accurate inventory of such open positions. The inventory of open long and short positions shall be reported to the Clearing House in such manner and at such times as the Clearing House may prescribe.

A clearing member carrying an account that is required to make or accept delivery agrees to guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the rules.

In the event a clearing member fails to perform its delivery obligations to the Clearing House, such failure may be deemed a default pursuant to Rule 802. In a delivery default, the Clearing House shall seek to ensure the financial performance with respect to the delivery.

**DELIVERY FACILITIES AND DELIVERY PROCEDURES  
FOR AGRICULTURAL COMMODITIES AND ETHANOL**

**703. REGULAR WAREHOUSES AND SHIPPING STATIONS**

**703.A. Conditions for Approval**

Warehouses or shipping stations (hereafter "facilities") may be declared regular for delivery with the approval of the Exchange. Persons operating facilities who desire to have such facilities made regular for delivery under the rules shall make application for an Initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even-numbered year (an odd-numbered year for Ethanol and South American Soybeans), for a two-year term beginning July 1 of that year, and at any time during a current term for the balance of that term.

Applications for a renewal of regularity shall be made prior to May 1 of even-numbered years (odd-numbered years for Ethanol and South American Soybeans) for the respective years beginning July 1 of those years, and shall be on the same form.

Facilities that desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form.

Initial regularity and increases in regularity shall be effective either thirty days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

Facilities regular for delivery of Corn, Soybeans, South American Soybeans, Soybean Oil, Soybean Meal or Denatured Fuel Ethanol that desire to have their daily rate of loading decreased shall file with the Exchange a written request for such decrease at which time a notice will be posted by the Exchange. The decrease in the daily rate of loading for the facility will become effective thirty days after a notice has been posted by the Exchange or the day after the number of outstanding certificates or receipts at the facility is equal to or less than 20 times the requested rate of loading (15 times the requested rate of loading for Soybean Meal and Denatured Fuel Ethanol), whichever is later.

Regular facilities that wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall become effective once a notice has been posted by the Exchange.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary. The application for regularity prescribed by the Exchange shall set forth conditions of regularity as well as other agreements with which the operator of the regular facility shall comply. In addition to any conditions and agreements contained in such application or in the relevant product chapter, the following shall constitute conditions for regularity and requirements with which the operator of a regular facility shall comply:

(1) The facility making application shall be inspected by the Exchange, the United States Department of Agriculture, or other government agency, as applicable. Where application is made to list as regular a facility which is not regular at the time of such application, the applicant may be required to remove all product from the facility and permit the facility to be inspected and the product graded, after which such product may be returned to the facility.

(2) The operator of such facility shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Rule 720. No facility shall be declared regular until the person operating the facility files a bond and/or designated letter of credit with sufficient sureties, or deposits with the Exchange, treasury securities, or other collateral deemed acceptable to the Exchange, in such sum and subject to such conditions as the Exchange may require. Any such sums shall be reduced by SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii) and (viii). If the facility deposits treasury securities or any other collateral with the Exchange, it must execute a security agreement on a form prescribed by the Exchange.

(3) The facility shall be provided with modern improvements and appliances for the convenient and expeditious receiving, handling and shipping of product in bulk.

(4) The operator of the facility shall comply with the system of registration of warehouse receipts or shipping certificates as established by the Exchange.

(5) The operator of the facility shall furnish accurate information to the Exchange regarding all product received and delivered by the facility on a daily basis and/or that product remaining in store at the close of each week, as required by the Exchange.

(6) The operator of the facility shall promptly advise the Registrar of any damage to product held in store by it, whenever such damage shall occur to an extent that will render the product undeliverable.

(7) The operator of the facility shall permit the Exchange, at any time, to examine the books and records of the facility, for the purpose of ascertaining the stocks of all kinds of product which may be on hand. The Exchange shall have the authority to determine the quantity of product in the facility and to compare the books and records of the facility with the records of the Exchange.

(8) The operator of the facility shall make such reports, keep such records and permit such facility visitation as the Exchange, the Commodity Futures Trading Commission or any other applicable government agency may require.

(9) The operator of the facility shall give assurance that all product tendered in satisfaction of futures contracts shall be weighed, as applicable, under the supervision of a party approved by the Exchange.

(10) The operator of the facility shall not engage in unethical or inequitable practices, and shall comply with all applicable federal or state statutes, rules or regulations.

(11) Persons operating regular facilities shall be subject to the Exchange's Rules, the disciplinary procedures set forth in Chapter 4, and the arbitration procedures set forth in Chapter 6, and shall abide by and comply with the terms of any disciplinary decision imposed or any arbitration award issued against it pursuant to the Exchange's Rules.

(12) Persons operating regular facilities shall consent to the disciplinary jurisdiction of the Exchange for five years after such regularity lapses, for conduct which occurred while the facility was regular.

The Exchange, in its sole discretion, may determine not to approve facilities for regularity, or for increases in regular capacity of existing regular facilities, regardless of whether such facilities meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion include, among others, whether receipts or shipping certificates issued by such facilities, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of futures contracts or impair the efficacy of futures trading in the relevant market, or whether the currently approved regular capacity provides for an adequate deliverable supply.

#### **703.B. Strike Bound Facility**

A regular facility or an owner of shipping certificates can make delivery in a strike bound facility. The taker of delivery is liable for all premium charges. However, where the owner of shipping certificates in a strike bound facility delivered against futures contracts has a bona fide bid for like certificates in a strike free facility and decides to load the grain out or sell his certificates, the strike bound warehouseman has the option:

(a) to provide that same quantity and like quality of grain in store in another regular facility, not on strike, in the same delivery market, or

(b) to provide that same quantity and like quality of grain in store at another location on mutually acceptable terms. If no initial agreement can be reached, the strike bound warehouseman must buy his shipping certificates back at the bid price in store for that same quantity and like quality of grain in a strike free facility in the same delivery market or he has the alternative of proceeding as in (a) above. The bid (which must be a basis bid versus futures settlement) referred to in this paragraph must be good for a minimum period of one hour and must be tendered in writing to the strike bound warehouseman between 1:30 p.m. and 4:30 p.m. on a business day. The warehouseman must respond to the bid within the time period during which the bid is alive.

Within the context of this rule, a strike bound warehouse is defined as the facility itself being on strike.

#### **703.C. Load-Out**

##### **A. Load-Out Procedures for Grains**

1. Corn, Wheat, Oats and Soybeans;. An operator of a regular facility has the obligation to load grain represented by shipping certificates giving preference to takers of delivery. When an operator of a facility regular for the delivery of grain receives one or more written loading orders for loading of grain against canceled shipping certificates, the operator shall be required to load out grain beginning on the third business day following receipt of such loading orders or one business day after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later. When loadings against written loading orders cannot be completed on the fourth business day following their receipt, the operator



shall continue loading against such loading orders on each business day thereafter. All warehousemen and shippers shall outload grain against canceled delivery instruments consecutively without giving preference based on the type of delivery instrument, kind of grain or mode of transportation. A warehouseman or shipper shall outload all such products in the order in which suitable transportation, clean and ready to load is constructively placed at its facility by the holder of the shipping certificate, pursuant to bona fide loading orders previously received, and at the loading rates provided in 703.C.(B).

2. It shall be the responsibility of the shipping certificate holder to supply suitable transportation. Hopper cars shall be considered suitable transportation if they can be sampled by pelican in a manner approved by the appropriate grain sampling agency. Trucks and non-suitable hopper cars may be loaded only with the express agreement of the warehouseman.

Constructive placement at a warehouse or shipping station shall be defined as follows:

(a) Rail cars - as defined in the appropriate Railroad Freight Tariff on file with the Interstate Commerce Commission;

(b) Barges - Positioned at an appropriate fleet service serving the designated delivery point as defined by the Barge Freight Trading Rules (Affreightment) of the National Grain and Feed Association;

(c) Vessels - In possession of the appropriate Federal Grain Inspection Service and/or National Cargo Bureau documents certifying readiness to accept load-out at the designated delivery point.

It shall be the responsibility of the holder of the shipping certificate to request the warehouseman to arrange for all necessary Federal Grain Inspection Service and stevedoring service. The shipping certificate holder may specify the stevedoring service to be called. The warehouseman shall not be held responsible for non-availability of these services.

**B. Load-Out Rates and Load-Out Charges for Grain**

The maximum premium for FOB conveyance on corn and soybean shipping certificates which have been tendered in satisfaction of Exchange futures contracts shall be 4 cents per bushel.

The maximum premium for FOB conveyance on wheat and Oat shipping certificates which have been tendered in satisfaction of Board of Trade futures contracts shall be 6 cents per bushel.

All fees for stevedoring services to load corn, wheat, and soybeans into barges are to be paid by the issuer of the shipping certificate. The premium for FOB conveyance is payable at the time of invoice.

In the event a regular facility receives written loading orders for load-out of grain against canceled shipping certificates, the warehouseman or shipper shall be required to load out grain beginning on the third business day following receipt of such loading orders or on the day after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later.

The rate of load-out for regular facilities in Minneapolis-St. Paul (and Duluth-Superior effective September 2008) shall be at the normal rate of load-out for the facility. The load-out rate for shipping stations in Toledo shall depend on the conveyance and shall not be less than the following, per business day:

	(When certificate holder requests in writing individual weights and grades per car load)	(When certificate holder requests in writing unit average weights and grades) <sup>1</sup>	Vessel
Shippers with Regular Capacity greater then	50 Hopper Cars <sup>2</sup>	65 Hopper Cars	300,000 Bushels

700 Certificates			
Shippers with Regular Capacity less than or equal to 700 Certificates	25 Hopper Cars	35 Hopper Cars	300,000 Bushels

The load-out rate for regular facilities in Chicago and Burns Harbor and for wheat shipping stations in St. Louis shall depend on the conveyance and type of grain being loaded and shall not be less than the following per business day:

	(When certificate holder requests in writing individual weights and grades per car load)	(When certificate holder requests in writing batch weights and grades) <sup>3</sup>	(When certificate holder requests in writing unit average weights and grades)	Vessel	Barge
Corn, Soybeans	25 Hopper Cars	35 Hopper Cars	N/A	300,000 Bushels	3 Barges
Wheat	25 Hopper Cars	35 Hopper Cars	45 Hopper Cars	300,000 Bushels	3 Barges
Oats	15 Hopper Cars	20 Hopper Cars		180,000 Bushels	2 Barges

<sup>1</sup> Unit average weight and grade shall refer to a buyer's request in writing for average weight and average grade per unit rail shipment.

<sup>2</sup> Minimum load-out rates per hopper car shall refer to 4750 cu. ft. grain cars.

<sup>3</sup> A batch weight and grade shall refer to a buyer's request in writing for 1 weight and 1 grade per 5 rail cars.

Barge load-out rates for corn and soybeans will be at the shipping station's registered daily rate of loading. When wheat and corn or soybeans, or when oats and corn or soybeans are in the lineup for loading, the higher loading rate will apply for total barge loadings on that day. However, a warehouseman or shipper is not obligated to load barges of one type of grain that exceeds the daily barge loading rate for that type of grain. Corn and soybeans are considered one type of grain for purposes of this rule pertaining to barge loading rates.

Regular facilities shall not be required to meet these minimum load-out rates when transportation has not been actually placed at the warehouse, transportation equipment is not clean and load ready, inspection services are not available, a condition of force majeure exists, inclement weather, including severe ice conditions, prevents loading, or stevedoring services are not available in the case of water conveyance. However, the exceptions to load-out requirements shall not include grains or soybeans which have not made grade. If precluded from loading when equipment is available, the warehouseman or shipper shall notify the owner by 10:00 a.m. the following business day.

In addition, regular facilities in Toledo, Minneapolis-St. Paul (and Duluth-Superior effective September 2008) shall not be required to meet the minimum load-out rate for a conveyance when a "like" conveyance has been constructively placed for load-in prior to the "like" conveyance for load-out. However, when a conveyance for load-out is constructively placed after a "like" conveyance for load-in, the facility will load-in grain from the "like" conveyance at the normal rate of load-in for the facility. This rate of load-in shall depend on the conveyance(s) being unloaded and shall not be less than the following minimums per business day:

	Rail Conveyance or Water Conveyance		
		Vessel or	Barge
Wheat, Corn, Soybeans	35 Hopper Cars	50,000 Bushels	1 Barge
Oats	20 Hopper Cars	50,000 Bushels	1 Barge

Regular facilities shall not be required to meet these minimum load-in rates when a condition of force majeure exists, inspection services are not available, inclement weather prevents unloading, or stevedoring services are not available in the case of water conveyance.

Any increased overtime costs and charges for trimming and FGIS to meet minimum load-out requirements shall be borne by the facility.

Vessel loading shall require three days pre-advance to the regular facility prior to the date of arrival of the vessel. Failure to provide pre-advance may delay loading by the same number of days pre-advance is delayed prior to the date of arrival of the vessel.

Inability of a shipping certificate holder to provide conveyance at a regular facility in a timely manner will affect load-out of barges accordingly.

For purposes of this rule, vessels and barges are "like" conveyances.

#### C. Notification to Regular Facilities

The operator of the regular facility shall load-in and load-out grains in the order and manner provided in parts A and B of this Rule 703.C., except that its obligation to load-out grain to a given party shall commence no sooner than three business days after it receives cancelled warehouse receipts or shipping certificates and written loading orders from such party, even if such party may have a conveyance positioned to accept load-out of grain before that time. If the party taking delivery presents transportation equipment of a different type (rail, barge, or vessel) than that specified in the loading orders, he is required to provide the operator of the regular facility with new loading orders, and the operator of the facility shall be obligated to load-out grain to such party no sooner than three business days after it receives the new loading orders. Written loading orders received after 2:00 p.m. (Chicago time) on a given business day shall be deemed to be received on the following business day. Warehouse receipts or shipping certificates cancelled after 4:00 p.m. shall be deemed to be cancelled on the following business day. Written loading orders must be received no later than two business days after warehouse receipts/shipping certificates are cancelled. If the owner decides against loading out grain within two business days after receipts or certificates are cancelled, he may notify the warehouseman/shipper that warehouse receipts or shipping certificates are to be re-issued. In the case of rice, if the warehouseman is notified by 12:00 noon, re-issued receipts shall be deliverable by 4:00 p.m. the following business day. Requests to re-issue receipts or certificates more than two business days after receipts or certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.

The warehouseman/shipper shall transmit to the Registrar by 11:00 a.m. the name, location of regular facility, and number of delivery vessels/barges/rail cars constructively placed that day. The Registrar shall maintain a current record of the number of delivery vessels/barges/rail cars constructively placed and shall be responsible for posting this record on the Exchange website.

#### D. Premium Charges

Premium charges for corn, wheat, oats and soybeans to be shipped pursuant to loading orders shall cease on the business day loading is complete.

#### E. Records

All warehousemen and shippers shall keep adequate permanent records showing compliance with the requirements of this rule. Such records shall at all times be open for inspection by the Exchange.

#### F. Certification of Corn, Soybeans and Wheat

Upon written request by a taker of delivery at the time loading orders are submitted for the delivery of corn, soybeans or wheat against canceled shipping certificates, the regular facility shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the grain is of U.S. origin only.

### G. Barge Load-Out Procedures for Corn and Soybeans

When corn or soybeans represented by shipping certificates are ordered out for shipment by water conveyance, the regular shipper has the obligation to load-out grain at his registered daily rate of loading. The shipper's obligation to a party shall begin no sooner than three business days after it receives canceled certificates and written loading orders from the party or one business day after the constructive placement of the water conveyance, whichever is later.

(1) All loading orders and shipping instructions received by 2:00 p.m. on a given business day shall be considered dated that day. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day. "To be nominated" (TBN) barge identities are acceptable in loading orders. Load-out shall be in the order in which barge equipment clean and ready to load is constructively placed at the appropriate fleeting service serving the designated delivery point. Load-out of transportation constructively placed on the same day shall be in the order in which loading orders and shipping instructions were received. Notification to the shipper of loading orders and shipping instructions must be in writing.

(2) When loading orders and shipping instructions are received by 2:00 p.m. on any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of the scheduled loading dates. Scheduled loading dates are estimated based on constructively placed equipment and current loading orders. These dates are subject to change if conditions covered in Rule 703.C.(G)(5) preclude the shipper from meeting its minimum daily barge load-out rate or if barges for subsequent loading orders are constructively placed. Notification will be by telephone, e-mail, or fax to the owner. The shipper is required to provide scheduled loading dates at owner's request.

(3) Official grades as loaded into the water conveyance shall govern for delivery purposes.

(4) Official weights as loaded into the barge shall govern for delivery purposes when available. When official weights are available at the shipping station, the shipping certificates are considered a minimum/maximum quantity with overfills/underfills settled by mutual agreement. When official weights as loaded into the barge are not available, it is the responsibility of the taker to obtain official weights at the destination. Any other governing weights and methods of obtaining weights and any such other information on the weighing process must be mutually accepted by the maker and taker of delivery before the barge is loaded. When the official weight becomes known for a barge, overfills and underfills will be settled at the market value, expressed as a basis, for grain FOB barge at the barge loading station on the day that the grain is loaded. Before the barge is loaded, the taker and maker of delivery will agree on a basis over or under the nearby futures at which overfills and underfills will be settled. On the day that the weight tolerance becomes known to both parties, the flat price settlement will be established by applying the basis to the nearby futures month settlement price on the day of unloading or the day of loading if origin weights are used. If the day of unloading is the last trading day in the nearby futures month, the next following futures month will be used for settlement. If the day of unloading is not a business day, the next following business day will be used to establish the flat price. In order to convert the agreed upon basis on the day that the grain was loaded to a basis relative to the current nearby futures month, the futures spread on the day of loading will be used, provided that, the nearby futures did not close outside of the price limits set for all other futures months. In this case, the spread on the first following business day that the nearby futures closed within the price limits applicable for all other futures months would be used.

(5) The shipper shall not be required to meet its minimum daily barge load-out rate when transportation has not been actually placed at the shipping station, transportation equipment is not clean and load ready, inspection services are not available, or inclement weather, including severe ice conditions, prevents loading. However, the exceptions to load-out requirements shall not include corn or soybeans that have not made grade. If precluded from loading when equipment is available, the shipper shall notify the owner by 10:00 a.m. the following business day. Notification shall be by telephone, e-mail or fax to the owner.

(6) For Illinois Waterway barge loading at Burns Harbor, the following shall apply with respect to the protection of the Chicago barge rate and inclement weather:

When grain represented by shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Switching District).

If inclement weather conditions make the regular facility located in the Burns Harbor Switching District unavailable for barge loadings for a period of five or more calendar days, the party making delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water facility located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five calendar day period in which the barge cannot be moved.

When grain represented by shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a regular facility located in Burns Harbor and a regular facility in Chicago, and the grain in the Chicago facility will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water facility operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the facility in Burns Harbor upon the surrender of shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular facility in which the grain will be available for loading.

(7) Any expense for making the grain available for loading on the Illinois Waterway will be borne by the party making delivery, provided that the taker of delivery constructively places barge equipment clean and ready to load within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway. If the taker's barges are not constructively placed within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, the taker shall pay the shipper an amount not to exceed 30/100 of one cent per bushel per day multiplied by the number of calendar days from the fifth business day following the scheduled loading date to the date that the barge is constructively placed, including both dates, but excluding business days the shipper meets his minimum daily barge load-out rate. Requests to cancel loading instructions and re-issue shipping certificates more than two business days after shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.

(8) The shipper shall load water conveyance at the shipping station designated in the shipping certificate. If it becomes impossible to load at the designated shipping station for three (3) consecutive business days because of an Act of God, fire, flood, wind, explosion, war, embargo, civil commotion, sabotage, law, act of government, labor difficulties or other condition of force majeure, the shipper will arrange for water conveyance to be loaded at another regular shipping station in conformance with the shipping certificate and will compensate the owner for any transportation loss resulting from the change in the location of the shipping station. If the aforementioned condition of impossibility prevails at a majority of regular shipping stations, then shipment may be delayed for the number of days that such impossibility prevails at a majority of regular shipping stations. If conditions covered in this rule make it impossible to load at the designated shipping station, the shipper shall notify the Registrar's Office in writing of such condition within 24 hours of when the condition of impossibility began.

(9) In the event that it has been announced by the U.S. Coast Guard, after consulting with the Army Corps of Engineers and the River Industry Action Committee, that river traffic will be obstructed for a period of fifteen days or longer as a result of one of the conditions of impossibility listed in (8) above and in the event that the obstruction will affect a majority of regular shipping stations, then the following barge load-out procedures for corn and soybeans shall apply to shipping stations upriver from the obstruction:

(a) The maker and taker of delivery may negotiate mutually agreeable terms of performance.

(b) If the maker and/or the taker elect not to negotiate mutually agreeable terms of performance, then the maker is obligated to provide the same quantity and like quality of grain pursuant to the terms of the shipping certificate(s) with the following exceptions and additional requirements:

(i) The maker must provide loaded barge(s) to the taker on the Illinois River between the lowest closed lock and St. Louis, inclusive, or on the Mid-Mississippi River between Lock 11 at Dubuque, Iowa and St. Louis, inclusive.

(ii) The loaded barge(s) provided to the taker must have a value equivalent to C.I.F. NOLA, with the maker of delivery responsible for the equivalent cost, insurance and freight.

(iii) The taker of delivery shall pay the maker 18 cents per bushel for Chicago and Burns Harbor Switching District shipping certificates, 16 cents per bushel for Lockport-Seneca District shipping certificates, 15½ cents per bushel for Ottawa-Chillicothe District shipping certificates, 15 cents per bushel for Peoria-Pekin District shipping certificates, and, for soybeans only, 14½ cents per bushel for Havana-Grafton District shipping certificates as a reimbursement for the cost of barge freight.

(c) In the event that the obstruction or condition of impossibility listed in (8) above will affect a majority of regular shipping stations, but no announcement of the anticipated period of obstruction is made, then shipment may be delayed for the number of days that such impossibility prevails.

(10) In the event less than eleven shipping certificates of a like grade/quality are outstanding at a shipping station the owner of all such outstanding shipping certificates may cancel the shipping certificates and obligate the shipper to provide a market value at which the shipper will either buy back all the canceled shipping certificates or sell the balance of corn or soybeans of a like grade/quality to complete a barge loading of at least 55,000 bushels, the choice being at the discretion of the taker of delivery.

#### **704. INSPECTION**

Any grain facilities in Chicago, regular for the delivery of grain under the rules of the Exchange, shall require inbound and outbound inspections as mandated by the U.S. Grain Standards Act and/or the U.S. Warehouse Act.

When grain is delivered in satisfaction of shipping certificates, the holder of the shipping certificates shall be entitled to an official sample lot inspection as defined in the U.S. Grain Standards Act unless otherwise agreed, and the result of such inspection or an appeal therefrom, shall be the settlement grade.

#### **705. INSURANCE**

Product covered by warehouse receipts [Is this just for receipt products or also certificate products?] tendered for delivery must be insured against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Exchange. It shall be the duty of the operators of all regular facilities to furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected.

#### **706. VARIATION IN QUANTITY**

If the quantity of grain loaded out from a regular facility exceeds the quantity covered by the shipping certificate(s), the owner of the shipping certificate shall pay the facility for the excess at the average market price on the day of load-out.

If the quantity of grain loaded out is less than the quantity covered by the shipping certificate(s), the facility shall pay the owner of the shipping certificate for the shortage at the average market price on the day of load-out.

Excesses or deficiencies in the quantities loaded out shall not exceed one percent (including dockage) from the quantity specified on the shipping certificate.

#### **707. REVOCATION, EXPIRATION OR WITHDRAWAL OF REGULARITY**

The Business Conduct Committee may revoke a declaration of regularity whenever a regular facility fails to comply with the conditions specified in Rule 703, any other conditions to which it has agreed in its application for regularity, or any other Exchange rules.

If the designation of a facility as regular is revoked, a notice shall be made available to the membership announcing such revocation and also the period of time, if any, during which the receipts or certificates issued by such facility shall thereafter be deliverable in satisfaction of futures contracts under the Rules.

In the event of revocation, expiration or withdrawal of regularity, or in the event of sale or abandonment of the properties where regularity is not reissued, holders of outstanding shipping certificates shall be given thirty days to take load-out of the commodity from the facility. If a holder of an outstanding shipping certificate chooses not to take load-out during this period, the facility must provide him with another shipping certificate at another, mutually acceptable regular facility, with adjustments for differences in contract differentials. Alternatively, if such shipping certificate is unavailable, the facility must provide the holder with an equivalent quantity and quality of the grain designated in the shipping certificate at a mutually acceptable location.

#### **708. MINIMUM FINANCIAL REQUIREMENTS FOR AGRICULTURAL REGULARITY**

The minimum financial requirements for firms which are regular to deliver agricultural and ethanol products are:

1. Working Capital - (current assets excluding current receivables from affiliates/parent company less current liabilities) must be greater than or equal to \$2,000,000 or \$1,000,000 for firms regular for delivery in Rough Rice and Denatured Fuel Ethanol futures. All current assets must be readily marketable. Firms which do not have \$2,000,000 (\$1,000,000 for rice and ethanol) in Working Capital must deposit with the Exchange treasury securities or other collateral deemed acceptable to the Exchange, in such sum and subject to such conditions as the Exchange may require. Any such sums shall be reduced by SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii), and (viii). If the warehouseman/shipper deposits treasury securities, it must execute a security agreement on a form prescribed by the Exchange. The Exchange may grant an exemption from the working capital requirements described above, in its sole discretion.
2. Net Worth - (Total assets less total liabilities) divided by the firm's allowable capacity (measured in contracts) must be greater than \$5,000. The net worth of a firm regular to deliver corn, wheat, soybeans, South American Soybeans or ethanol must be greater than or equal to \$5,000,000. The operator of a facility issuing corn, wheat, soybean, South American Soybean or ethanol shipping certificates may only issue new shipping certificates when the total value of all registered shipping certificates and the new shipping certificates, at the time of issuance of the new shipping certificates, does not exceed 50% of net worth;
3. Each firm which is regular to deliver agricultural or ethanol products is required to file a yearly certified financial statement within 90 days of the firm's year-end. Each firm is also required to file within 45 days of the statement date unaudited quarterly financial statements for each of the three quarters which do not end on the firm's year-end. In addition, the Exchange may request additional financial information as it deems appropriate. All financial statements are to be submitted in English.
4. A Letter of Attestation must accompany all unaudited financial statements. The Letter of Attestation must be signed by the Chief Financial Officer or if there is none, a general partner, executive

officer, or managerial employee who has the authority to sign financial statements on behalf of the firm and to attest to their correctness and completeness.

5. Any firm that has been approved to deliver against a CBOT contract must notify the Exchange in writing within two business days of any event or series of events, including any withdrawal, advance, loan or loss that, on a net basis, causes a twenty percent (20%) or more reduction of its net worth as last reported by submission of a financial statement.

6. Any change in the organizational structure of a firm that is regular for delivery requires that the firm notify the Exchange prior to such change. Changes in organizational structure shall include, but not be limited to, a corporation, limited liability company, general partnership, limited partnership, or sole proprietorship that changes to another form. Prior to any such change occurring, the firm is also required to notify the Exchange in writing of any name change.

For other applicable provisions, see "Letter of Credit and Bond Standards" in the Interpretations section of this chapter.

## **709.-711. [RESERVED]**

## **712. DELIVERY AND REGISTRATION**

### **712.A. Delivery of Commodities**

Deliveries of rice and soybean oil shall be made by the delivery of registered warehouse receipts issued by warehousemen against stocks in warehouses which have been declared regular by the Exchange. The Exchange, by rule, may prescribe the conditions upon which warehouses and warehousemen may become regular except that in the case of federally licensed warehouses and warehousemen, the Exchange may impose only such reasonable requirements as to location, accessibility and suitability as may be imposed on other regular warehouses and warehousemen. The Exchange, by rule, may prescribe conditions not inconsistent with the provisions of this Chapter upon which warehouse receipts issued by regular warehouses shall be deliverable.

Deliveries of corn, oats, wheat, soybeans, soybean meal, South American Soybeans and ethanol shall be made by delivery of registered shipping certificates issued by shippers designated by the Exchange as regular to issue shipping certificates for such commodities. Shipping certificates for such commodities and warehouse receipts for soybean oil shall be delivered using the electronic fields which the Exchange and the Clearing House require to be completed. In order to effect a valid delivery each such shipping certificate or warehouse receipt must be endorsed by the holder making the delivery, and transfer as specified above constitutes endorsement. Such endorsement shall constitute a warranty of the genuineness of the certificate or receipt and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the issuer of the certificate or receipt. Such endorsement shall also constitute a representation that all premium, storage, or carrying charges have been paid on the commodity covered by the certificate or receipt, in accordance with the rules of the relevant product chapter.

### **712.B. Registration of Warehouse Receipts and Shipping Certificates**

- (1) In order to be valid for delivery against futures contracts, warehouse receipts and shipping certificates must be registered with the Registrar and in accordance with the requirements issued by the Registrar. Facilities that are regular for delivery may register warehouse receipts or shipping certificates, as applicable, at any time. If the facility determines not to tender the warehouse receipt or shipping certificate by 4:00 p.m. on the day it is registered, the facility shall declare that the receipt or certificate has been withdrawn but is to remain registered by transmitting to the Registrar the warehouse receipt number or certificate number and the name and location of the facility. The holder of a registered receipt or certificate may cancel its registration at any time. A receipt or certificate which has been canceled may not be registered again.
- (2) No notice of intention to deliver a certificate shall be tendered to the Clearing House unless said certificate is registered and in possession of the clearing member tendering the notice or unless a



shipping certificate is registered and outstanding. When a notice of intention to deliver a certificate has been tendered to the Clearing House, said certificate shall be considered to be "outstanding" until its registration is cancelled.

- (3) From his own records, the Registrar shall maintain a current record of the number of receipts and certificates that are registered and shall be responsible for posting this record on the Exchange website. The record shall not include any receipts or certificates that have been declared withdrawn.
- (4) When a warehouseman/shipper regains control of its own registered receipt or certificate, the warehouseman/shipper shall by 4:00 p.m. of that business day either cancel the registration of said receipt or certificate, or declare that said receipt or certificate is withdrawn but is to remain registered by transmitting to the Registrar the receipt or certificate number and the name and location of the facility, except in the case where a notice of intention to redeliver said receipt or certificate for the warehouseman/shipper has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman/shipper regained control of said receipt or certificate.
- (5) The Registrar shall not divulge any information concerning the registration, delivery or cancellation of receipts or certificates other than the record posted on the Exchange website, except that he shall issue a daily report showing the total number of receipts and certificates registered as of 4:00 p.m. on each trading day of the week. In addition to the information posted on the Exchange website, this daily report will show the names of facilities whose receipts or certificates are registered and the location of such facilities. This report shall not include any warehouse receipts or certificates that have been declared withdrawn.

#### **712.C. Electronic Warehouse Receipts and Shipping Certificates**

The Exchange and the Clearing House shall determine the electronic fields which are required to be completed in connection with an electronic shipping certificate or warehouse receipt.

The electronic shipping certificate or warehouse receipt obligates the regular facility, for value received and receipt of the certificate or receipt properly endorsed, and subject to a lien for payment of premium, storage or carrying charges, to deliver the specified quantity of the relevant commodity conforming to the standards of the Exchange, and to ship the commodity in accordance with orders of the lawful owner of the certificate or receipt and in accordance with the rules of the Exchange. Delivery shall be by water, rail or truck conveyance, as specified in the relevant contract specification chapters, according to the registered loading capability of the shipper.

Delivery of the electronic shipping certificate or warehouse receipt to the issuer by the owner of the certificate or receipt, for the purpose of shipment of the commodity, is conditioned upon loading of the commodity in accordance with the rules of the Exchange, and a lien is claimed until all loadings are complete and proper shipping documents presented accompanying demand draft for freight and premium, storage or carrying charges due which the owner of the certificate agrees to honor upon presentation.

#### **712.D. Lost or Destroyed Negotiable Warehouse Receipts**

(1) Unless a federal or state law prescribes different procedures to be followed in the case of lost or destroyed warehouse receipts, the following procedures shall be followed. A replacement receipt may be issued upon compliance with the conditions set forth in paragraph (2) of Rule 712.D. Such replacement receipt must be issued upon the same terms, must be subject to the same conditions, and must bear on its face the number and the date of the receipt in lieu of which it is issued. It must also contain a plain and conspicuous statement that it is a replacement receipt issued in lieu of a lost or destroyed receipt.

(2) Before issuing such replacement receipt, the warehouseman may require the person requesting the receipt to make and file with the warehouseman: (a) an affidavit stating that the requestor is the lawful owner of the original receipt, that the requestor has not negotiated, sold, assigned or encumbered it, how the original receipt was lost or destroyed, and if lost, that diligent effort has been made to find the receipt without success, and (b) a bond in an amount double the value, at the time the bond is given, of the commodity represented by the lost or destroyed receipt.

Such bond shall indemnify the warehouseman against any loss sustained by reason of the issuance of such replacement receipt. The bond shall have as surety thereon a surety company which is authorized to do business, and is subject to service of process in a suit on the bond, in the state in which the warehouse, as named on the warehouse receipt, is located, or at least two individuals who are residents of such state, and each of whom owns real property in that state having a value, in excess of all exemptions and encumbrances, equal to the amount of the bond.

In the alternative, upon the approval of the U.S. Department of Agriculture where applicable, or otherwise upon the approval of the Exchange, a warehouseman may issue a replacement receipt upon the execution of an agreement by the requestor to indemnify the warehouseman against any loss sustained by reason of the issuance of such replacement receipt, in a form acceptable to the warehouseman.

**713.**

### **DELIVERY PROCEDURES**

#### **713.A. Notice of Intent to Deliver**

Where delivery requires a Notice of Intent to Deliver, the seller shall comply with the requirements of the relevant Rules and such requirements as are prescribed by the Exchange and the Clearing House.

#### **713.B. Delivery Notice**

Where any commodity is sold for delivery in a specified month, delivery of such commodity may be made by the seller upon such business day during the designated delivery period as the seller may select and, if not previously delivered, delivery must be made upon Last Delivery Day as prescribed by the Rules of the Exchange.

A seller obligated or desiring to make delivery of a commodity shall issue and deliver to the Clearing House a delivery notice in the form and manner specified by the Clearing House.

Where a clearing firm has an interest both long and short for accounts on its own books, it must tender to the Clearing House such notices of intention to deliver as it receives from its accounts that are short. No office deliveries may be made by clearing members.

Unless a different time is prescribed by the rules pertaining to a particular commodity, delivery notices must be delivered to the Clearing House by 4:00 p.m. on position day except that, on the last notice day of the delivery month, delivery notices for those commodities utilizing the electronic delivery system via the Clearing House's on-line system may be delivered to the Clearing House until 10:00 a.m., or 2:00 p.m. for all other commodities on notice day. The Clearing House shall, on the same day, assign the deliveries to eligible buyers as provided in Rule 713.C.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish to each issuer the names of the buyers obligated to accept delivery for each commodity for which a notice was tendered and shall also inform the issuer of the number of contracts for which each buyer is obligated.

#### **713.C. Eligibility to Receive Delivery and Notice to Buyers**

Prior to 8:00 p.m. of each day on which delivery notices may be delivered, each clearing member shall report to the Clearing House its long positions eligible for delivery. Such reports shall show the dates on which such purchases were made, and shall exclude purchases to which the clearing member has applied deliveries assigned to it but which remain open on its books pending receipt of delivery. With respect to omnibus accounts, the reports shall show the dates on which such purchases were made as reflected on the ultimate customers' account statements.

The Clearing House shall assign the deliveries to clearing members (buyers) having contracts to take delivery of the same amounts of the same commodities. The Clearing House shall notify such clearing members of the deliveries which have been assigned to them and shall furnish to the issuers of delivery notices the names of clearing members obligated to accept their deliveries. Clearing Members receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day (position day).

When a member of the Clearing House who has open purchases is suspended from the Clearing House for default or insolvency, he shall be deemed out of line for delivery and tender shall be made to

the clearing member obligated upon the next oldest long contract. Also, if tender is made to a clearing member who is thereafter suspended for default or insolvency before delivery is accepted, then, subject to the provisions of Rule 718, the Delivery Notice shall be withdrawn and another immediately served upon the clearing member obligated upon the next oldest long contract.

**713.D. Sellers' Invoices to Buyers**

Upon receipt of the names of the buyers obligated to accept delivery from him and a description of each commodity tendered by him which was assigned by the Clearing House to each such buyer, the seller shall prepare invoices addressed to its assigned buyers describing the commodity to be delivered to each such buyer and, if applicable, the delivery location. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House for that purpose, adjusted for applicable premiums, discounts, storage charges, premium charges, premium for FOB conveyance, quantity variations and other items for which provision is made in these Rules relating to contracts. The responsibility for storage charges shall remain the obligation of the seller until such time as the delivery instrument is presented to the buyer and payment is made in conformity with the rules concerning payment. Such invoices shall be in the form designated by the Exchange.

Such invoices shall be delivered to the Clearing House by 10:00 a.m. for those commodities utilizing the electronic delivery system via the Clearing House's on-line system, or 4:00 p.m. for other commodities on notice day. However, on the last notice day in the delivery month when a que intent for commodities that do not use the electronic delivery system has been delivered to the Clearing House, invoices for said delivery may be delivered to the Clearing House until 10:00 a.m. on the last delivery day of the delivery month.

Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed.

Financial instruments futures contracts will follow the invoicing procedures that are prescribed in the respective contract's invoicing regulation.

**713.E. Payment**

A buyer receiving a Delivery Notice from the Clearing House shall make payment in same day funds for the invoicing price. Such payment shall be made as specified in the relevant contract specification chapter.

**713.F. Designated Times Subject To Change**

All designated times referenced in this Rule 713 are subject to change by the Exchange or the Clearing House.

**714. FAILURE TO DELIVER**

In the event a clearing member fails to fulfill its specific delivery obligations regarding a CBOT product pursuant to CBOT rules, the sole obligation of the Clearing House is to pay reasonable damages proximately caused by such delivery obligation failure, in an amount which shall not exceed the difference between the delivery price of the specific commodity and the reasonable market price of such commodity at the time delivery is required according to the rules of the Exchange. The Clearing House shall not be obligated to: (1) make or accept delivery of the actual commodity; or (2) pay any damages relating to the accuracy, genuineness, completeness, or acceptableness of certificates, instruments, warehouse receipts, shipping certificates, or other similar documents; or (3) pay any damages relating to the failure or insolvency of banks, depositories, warehouses, shipping stations, or similar organizations or entities that may be involved with a delivery.

Notwithstanding any provision of the rules, the Clearing House has no obligation or liability to any clearing member or any other person relating to a failure to fulfill a delivery obligation unless it is notified by the clearing member that did perform, or was in a position to perform its delivery obligations, that a failure occurred, as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been fulfilled according to the rules of the CBOT.

If a clearing member does not fulfill its delivery obligations to another clearing member, it shall be responsible to the Clearing House for any damages incurred by the Clearing House as a result of such delivery obligation failure.

A failure by a clearing member carrying a short futures position to tender a Delivery Notice on or before the time specified by the Clearing House on the last day on which such notice is permitted shall be deemed a violation of this rule, except that the President of the Clearing House may, for good cause, extend the time to present such notice.

Unexcused failure to make delivery shall be deemed an act detrimental to the interest or welfare of the Exchange. In addition to any penalties imposed as provided in Chapter 4, the Clearing House Risk Committee shall determine and assess the damages incurred by the buyer.

**715. FAILURE TO ACCEPT DELIVERY OR REMIT FULL PAYMENT**

Where a buyer to whom a delivery has been assigned by the Clearing House fails to take such delivery and make payment when payment is due, the seller tendering such delivery shall immediately notify the Clearing House. If a clearing member obligated to receive delivery fails to make full payment to the seller, the Clearing House shall debit the account of said clearing member an amount sufficient to complete the delivery.

Failure to accept delivery or to remit full payment shall be deemed an act detrimental to the interest or welfare of the Exchange.

**716.-717. [RESERVED]**

**718. CUSTOMER SUBSTITUTION IN THE EVENT OF CLEARING MEMBER BANKRUPTCY**

In the event that an "order for relief" as defined at CFTC Reg. 190.01(dd) has been entered in respect to a clearing member whose customer holds a futures contract or options contract that may only be liquidated by physical delivery and, as to such contract:

- (i) trading has ceased on the date of the entry of the "order for relief;"
- (ii) notice of delivery has been tendered on or before the date of the entry of the "order for relief;" or
- (iii) trading ceases before the trustee can liquidate the contract;

then, notwithstanding Rule 713.C., the Clearing House shall allow the customer (if his identity can be readily ascertained and verified) to be directly substituted for the debtor clearing member to the extent necessary to complete delivery. None of the requirements for delivery, including notices, instructions, payment, etc., shall be waived hereby. Moreover, substitution shall in no way relieve the debtor clearing member of its obligations to the Clearing House and the opposite clearing member in regard to any claims arising out of that delivery.

**719.- 759. [RESERVED]**

**760. DELIVERY PROCEDURES IN OTHER COMMODITIES**

All other commodities which do not have delivery provisions specified in this chapter shall be governed by the requirements of the relevant contract specification chapter.

**INTERPRETATIONS & SPECIAL NOTICES  
RELATING TO CHAPTER 7A**

**GRAIN LOAD-OUT PROCEDURES**

The following is a general outline of procedures for the load-out of grain covered by CBOT registered warehouse receipts/shipping certificates. The procedures are based upon a combination of CBOT rules and trade practice. Where applicable, CBOT rules are cited.

**1. Cancellation of the Warehouse Receipt/Shipping Certificate**

- a. To initiate the load-out process, the receipt/certificate holder, or owner, requests his clearing firm to cancel the warehouse receipt/shipping certificate at the CBOT Registrar's Office or requests load-out using the electronic form provided by the Clearing House's online system.
- b. Warehouse receipts/shipping certificates cancelled after 4:00 p.m. shall be deemed to be cancelled on the following business day.
- c. The next step for the owner of cancelled rice or oats warehouse receipts is to surrender the receipts to the regular warehouseman or its representative agent in Chicago. The agent must be a registered clearing member of the CBOT, be located in the vicinity of the CBOT and be available during business hours (except Exchange holidays). Business hours are 8:00 a.m. - 4:30 p.m., Monday - Friday.
- d. At this time, the warehouseman/shipper, at its option, may require the owner to pay storage/premium and insurance charges that have accumulated up to and including the date of surrender. (See items 6(a) and (b) below.) The warehouseman's/shipper's agent shall accept these payments during business hours.
- e. At this time, the warehouseman, at its option, may also require the owner to pay the warehouseman or its agent a load-out fee of up to 6 cents per bushel. A fobbing charge of 4 cents per bushel was already paid at the time of delivery of corn and soybean shipping certificates. A fobbing charge of 6 cents per bushel was already paid at the time of delivery of wheat shipping certificates. (The maximum load-out/fobbing fee, subject to change, is 6 cents per bushel for receipts and wheat certificates and 4 cents per bushel for corn and soybean certificates.)
- f. If the owner decides against loading out grain within two days after canceling warehouse receipts/shipping certificates, he may notify the warehouseman/shipper that warehouse receipts/shipping certificates are to be re-issued. In the case of rice or oats, if the warehouseman is notified by 12:00 noon, re-issued receipts shall be deliverable by 4:00 p.m. the following business day. Requests to re-issue receipts/shipping certificates more than two business days after receipts/shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.
- g. The Registrar bills the owner's clearing firm a cancellation fee per receipt/certificate.

**2. Submission of Written Loading Orders**

- a. The owner provides the warehouseman/shipper with written loading orders that identify the vessel, barge, or number of rail cars that will take delivery of the grain, and that specify the grade and estimated number of bushels to be loaded. "To be nominated" (TBN) barge identities are acceptable in loading orders.
- b. Written loading orders must be received no later than two business days after warehouse receipts/shipping certificates are cancelled.

c. The owner will notify the warehouseman/shipper of loading orders. All loading orders received by 2:00 p.m. on a given business day shall be considered dated that day. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day.

d. When loading orders are received by 2:00 p.m. of any given business day, the warehouseman/shipper will advise the owner by 10:00 a.m. the following business day of the scheduled loading dates and tonnage due. Notification of scheduled loading dates and any changes in scheduled loading dates will be by telephone, e-mail or telefax to the owner.

### 3. Arrangement of Transportation Conveyance

a. Next, the owner arranges for proper conveyance of the grain to be loaded out with a carrier; the conveyance may be rail cars, barge, or vessel, and must be clean and ready-to-load.

b. An owner requesting vessel load-out, having surrendered canceled receipts/certificates and tendered written loading orders to the warehouseman/shipper, is entitled to the warehouse's/shipper's current scheduled load-in and load-out lineups, provided the owner gives to the warehouseman/shipper the identity of the vessel and the estimated-time-of-arrival no more than 5 calendar days prior to constructive placement of the vessel.

In addition, an owner is entitled to receive updated information, upon request, on the warehouse's/shipping station's scheduled load-in and load-out lineups.

c. The carrier or its agent notifies the warehouseman/shipper of the "constructive placement" of the conveyance. The term "constructive placement" is defined in CBOT Rule 703. Only the warehouseman/shipper can order the conveyance to the warehouse/shipping station for actual placement for loading.

d. The warehouseman/shipper is not responsible for the failure of the carrier to present clean, ready-to-load conveyance to the warehouseman/shipper.

### 4. Request for Grain Inspection or Stevedoring Service

a. The owner may, at his option and expense, request the warehouseman/shipper to arrange inspection and weighing service provided by the Federal Grain Inspection Service ("FGIS").

b. In case of water load-out (barge or vessel), the owner should request the warehouseman/shipper to arrange stevedoring service. In this regard, the owner may designate to the warehouseman/shipper the stevedoring service he would like to use.

c. The warehouseman/shipper does not control the availability of the FGIS and the stevedoring services.

### 5. Actual Load-Out

a. The warehouseman/shipper shall transmit to the Registrar by 11:00 a.m. the name, location of warehouse/shipping facility, and number of delivery vessels/barges/rail cars constructively placed that day. The Registrar shall maintain a current record of the number of delivery vessels/barges/rail cars constructively placed and shall be responsible for posting this record on the Exchange website.

b. The warehouseman/shipper must load-out all conveyances in the order of their constructive placement. Load-out of transportation constructively placed on the same day shall be in the order in which loading orders were received. An operator of a regular facility in Chicago, Burns Harbor, along the Illinois Waterway, and St. Louis has the obligation of loading grain represented by warehouse receipts or shipping certificates giving preference to takers of delivery.

- c. The warehouseman/shipper informs the owner of the time of loading completion and the release time of the conveyance to the carrier.
- d. The warehouseman/shipper must advise the owner of any load-out difficulties. Inclement weather may delay loading.
- e. The owner should be familiar with the tariff of the warehouse/shipping station where the load-out is to occur.
- f. Any expense for making the grain available for loading on the Illinois Waterway will be borne by the party making delivery, provided that the taker of delivery constructively places barge equipment clean and ready to load within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway. If the taker's barges are not constructively placed within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, the taker shall pay the shipper an amount not to exceed 30/100 of one cent per bushel per day multiplied by the number of calendar days from the fifth business day following the scheduled loading date to the date that the barge is constructively placed, including both dates, but excluding business days the shipper meets his minimum daily barge load-out rate. Requests to cancel loading instructions and re-issue receipts/shipping certificates more than two business days after receipts/shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.

#### 6. Final Settlement of All Charges By Invoice

- a. The owner pays the warehouseman/shipper storage/premium charges that have accumulated up to and including the 10th business day after constructive placement of the conveyance or the date of loading completion, whichever is earlier, for wheat and oats, or up to and including the date of loading for corn and soybeans. If the owner paid storage/premium charges when he surrendered the cancelled warehouse receipt/shipping certificate he now pays storage/premium charges that have accumulated since that time as invoiced.
- b. The owner pays the warehouseman/shipper for the FGIS service and the stevedoring company for stevedoring service as invoiced. The owner is responsible for charges incurred for stevedoring service, except, all fees for stevedoring services to load corn and soybeans into barges are to be paid by the issuer of the Corn or Soybean Shipping Certificate.
- c. With some exceptions for Burns Harbor delivery, the owner pays all transportation costs, including switching charges and demurrage, if any, to the appropriate transportation company.

The outline provided above is intended to serve only as a general guide to grain load-out procedures; certain of the discussed obligations of the warehouseman/shipper and owners may not apply in a particular situation or may be open to negotiation between the parties. Care has been taken in the preparation of this outline, but there is no warranty or representation expressed or implied by the CBOT as to the accuracy or completeness of the material herein. In particular, CBOT rules may be revised from time to time. Accordingly, current rules, if applicable, should be consulted when there is a question about load-out. Please be advised that the U.S. Warehouse Act, as amended, or a state law may also apply to, or govern, a particular situation. If you have legal questions concerning load-out, the Exchange recommends that you consult your legal counsel.

## SOUTH AMERICAN SOYBEAN CONTRACT LOAD-OUT PROCEDURES

The following is a general outline of procedures for the load-out of South American Soybeans (SAB) covered by CBOT registered shipping certificates. The procedures are based on CBOT rules and trade practice as defined by the ANEC 41 Brazilian Soybean F.O.B. contract.

### 1. Cancellation of a Shipping Certificate

- a. To initiate the load-out process, the certificate holder, or owner, requests his clearing firm to cancel the shipping certificate for load out purposes using the electronic form provided by the Clearing House's online system. Once a shipping certificate has been cancelled for load out purposes, it may not be re-issued. (The Registrar will bill the owner's clearing firm a cancellation fee per certificate.) Note: At the sole discretion of the CBOT Registrar, certificates may be reissued if an error was made in identifying certificates that were to be cancelled for load out purposes and if the request is made within 2 business days of when the certificates were cancelled.
- b. CBOT Shipping Certificate carrying charges: CBOT shipping certificate carrying charges will cease once the shipping certificate has been cancelled for load out purposes.
- c. The owner of the shipping certificates is obligated to give the regular firm a vessel nomination within two business days following the cancellation of the certificate.
- d. The regular firm, at its sole option, may require the owner of the cancelled shipping certificates to pay, at this time, the CBOT shipping certificate carrying charges that have accumulated up to, and including, the date the shipping certificates were cancelled for load out purposes. The regular firm or its agent shall accept payment of funds in the form of a wire transfer during normal business hours based on Chicago time.
- e. Upon cancellation of the shipping certificates in the delivery system, the regular firm shall issue a standard ANEC 41 Contract (January 1, 2005 version) to the owner of the cancelled shipping certificates within three business days. The contract will provide for a thirty-day shipment period commencing on the day the shipping certificates were cancelled. The regular firm and owner of the shipping certificates must exchange executed copies of the ANEC 41 contract within three business days after the owner receives the contract from the regular firm.
- f. The payment section of ANEC 41, Paragraph 5, Line 39 shall state "CBOT SOUTH AMERICAN SOYBEAN SHIPPING CERTIFICATES" "CASH PRICE ON DATE OF CANCELLATION WAS \_\_\_\_\_". This clause reflects the fact that payment for the shipping certificates has been effected through the Chicago Board of Trade electronic delivery process. The cash price stated in this section of the ANEC 41 contract shall be mutually agreed to by the owner and the regular firm and will be the basis for settling weight and quality variations.

### 2. Submission of Vessel Nomination

- a. The shipping certificate owner must provide directly to the regular firm or to its representative agent in Chicago, a vessel nomination in writing and consistent with ANEC 41 procedures. The vessel nomination will contain the following items of information: name of vessel, age of vessel, flag of vessel, owner of vessel, demurrage/despatch rate per vessel charter party, vessel estimated time of arrival at port ("ETA"), loading port, and destination of cargo (the physical soybeans representing the cancelled shipping certificates). The agent referenced herein must be a clearing member of the CBOT, be located in the vicinity of the CBOT and be available during business hours (except Exchange holidays). Business hours are 8:00 a.m.-4:30 p.m., Monday-Friday, Chicago Time.
- b. Vessel nomination must be issued no later than two business days after shipping certificates are cancelled. Note: The owner of shipping certificates may not cancel the certificates unless a suitable vessel has been booked and the owner is prepared to issue a vessel nomination within two business days following the cancellation of shipping certificates.



c. The shipping certificate owner must provide directly to the regular firm or to its representative agent in Chicago, a valid Notice of Vessel Readiness to load (NOR) as per ANEC 41, Paragraph 9.2G.

d. Extension and ANEC 41 Carrying charges: Shipment extension and ANEC 41 carrying charges as per ANEC 41, Paragraph 10A through 10E. Section 10A specifies "If nominated vessel arrives/tenders a valid Notice of Readiness by 17:00 hours [São Paulo time] of the last day of the shipment period, carrying charges are not due, even if goods are loaded after shipment period. Otherwise carrying charges will be due until shipment date."

e. Load Rate, Time to Count, and Despatch/Demurrage: The average daily load rate is 2,000 metric tons per day per self trimming bulk carrier as per ANEC 41, Paragraph 9.2 A., or 1,500 metric tons for a non self trimming bulk carrier as per ANEC 41, Paragraph 9.2B, or 1,200 metric tons for a non bulk carrier as per ANEC 41, Paragraph 9.2C. Time will start upon receipt by the regular firm or its agent of the Notice of Readiness but will in no case be less than the fifteen days preadvice period which commences when vessel nomination is given. Time to count for the purposes of the load rate will be as specified in ANEC 41, Paragraph 9.2E. Despatch/demurrage is to be indicated to the regular firm at the time of vessel nomination but must be a minimum of U.S.\$2,500/5,000 respectively, as per ANEC 41, Paragraph 9.2F.

### 3. Request for Grain Inspection or Additional Stevedoring Service

a. The owner may request, at his option and expense, a joint survey per the provisions of ANEC 41.

b. All fees for stevedoring services to load soybeans into vessels are to be paid by the regular firm.

### 4. Actual Load-Out

a. The regular firm shall transmit to the Registrar daily by 11:00 hours São Paulo time, the name, ETA, and expected tonnage of any and all vessels that have been nominated to the regular firm in order to load out soybeans. The regular firm must advise the Registrar and the owner of the cancelled shipping certificates of the best available estimate of when the vessel is expected to load. It is the obligation of the regular firm to update the Registrar and the owner when new information is available.

b. The regular firm must advise the Registrar and the owner of the cancelled shipping certificates of any load-out difficulties, including but not limited to inclement weather, labor problems, intervention by local authorities, and any situation that may be considered a force majeure. This notification shall be in writing and within 24 hours of when the condition of impossibility began.

c. The owner of shipping certificates has an obligation to be familiar with the terms and conditions of ANEC 41, and the prevailing policies of the Port Authority of Paranaguá, as well as those of Brazilian State and Federal agencies exercising authority over the export of soybeans and operations of export facilities.

### 5. Final Settlement of All Charges by Invoice

a. The regular firm shall present the documents listed in ANEC 41, Paragraph 11A, 11B, and 11C to the owner within four business days of completion of loading as per ANEC 41, Paragraph 11.1. In the event the Bills of Lading have not been submitted to the Shipper within 2 business days of when the Bills of Lading were due, the buyer shall pay the Seller interest on the outstanding balance owed to the Shipper since payment for the shipping certificates was made via the futures delivery process.

b. The owner pays the regular firm, upon the completion of loading, all extension carrying charges and despatch that may be due. Failure to pay charges consistent with ANEC 41 may subject the buyer to the ANEC arbitration process as per ANEC 41, Paragraph 16.

c. The regular firm must pay any demurrage due to the owner consistent with the terms and conditions of ANEC 41. Failure to pay charges consistent with ANEC 41 may subject the regular firm to the ANEC arbitration process as per ANEC 41, Paragraph 16 and Paragraph 17.

d. Failure to perform the duties prescribed herein may be deemed an act detrimental to the welfare of the Exchange.

The outline provided above is intended to serve only as a general guide to grain load-out procedures which are subject to the rules of the CBOT and the contract terms of ANEC 41. Certain of the discussed obligations of the regular firm and owners may not apply in a particular situation or may be open to negotiation between the parties. Care has been taken in the preparation of this outline, but there is no warranty or representation expressed or implied by the CBOT as to the accuracy or completeness of the material herein. In particular, CBOT rules may be revised from time to time. Accordingly, current rules, if applicable, should be consulted when there is a question about load-out. Please be advised that other laws may also apply to, or govern, a particular situation. If you have legal questions concerning load-out, the Exchange recommends that you consult your legal counsel.

## **LETTER OF CREDIT AND BOND STANDARDS**

### **1. LETTER OF CREDIT STANDARDS FOR CORN, OATS, WHEAT, SOYBEANS, SOUTH AMERICAN SOYBEANS AND ETHANOL**

CBOT Rule 703 and other CBOT rules require, as a condition for regularity, that issuers of shipping certificates for certain commodities must file a bond and/or designated letter of credit with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The Exchange has determined that the following requirements shall apply to such letters of credit.

a. The regular firm is required to secure a letter of credit, naming the Board of Trade of the City of Chicago, Inc. as its beneficiary, for 100% (120% for South American Soybeans) of the current market value of the shipping certificates issued. The address of the primary office for the presentation of demand must be located in the United States.

b. The regular firm is required to monitor the value of the outstanding certificates issued using the futures spot month settlement price. Whenever the amount of the letter of credit falls below 80% (100% for South American Soybeans) of the current market value for certificates issued, the regular firm must increase the amount of the letter of credit, or obtain a new letter of credit, for an amount equal to 100% (120% for South American Soybeans) of the current market value of outstanding certificates, by 5:00 p.m. (Chicago Time) on the first business day following the relevant futures settlement.

c. Prior to additional shipping certificates being issued, the regular firm must increase the amount of the letter of credit, or secure a new letter of credit, for 100% (120% for South American Soybeans) of the current market value of all shipping certificates which are outstanding as well as all shipping certificates which will be issued.

d. The Exchange will accept letters of credit only from banks with a Moody's Investor Service counter party credit rating of A or above or a Standard and Poor's short-term counter party rating not lower than A-2.

e. The letter of credit must be irrevocable, it must provide for payment within the time specified by the Exchange, and it must be able to be drawn upon unconditionally.

f. The letter of credit must be in the form approved by the Exchange.

g. The expiration date of a letter of credit may not occur during any relevant futures delivery cycle.

## 2. LETTER OF CREDIT STANDARDS FOR ALL OTHER AGRICULTURAL PRODUCTS

CBOT Rule 703 and other CBOT rules require, as a condition for regularity, that warehousemen for agricultural commodities other than corn, wheat, soybeans, South American Soybeans, and ethanol must file a bond and/or designated letter of credit with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The Exchange has determined that the following requirements shall apply to such letters of credit.

- a. The regular firm is required to secure a letter of credit, naming the Board of Trade of the City of Chicago, Inc. as its beneficiary, for such sum and subject to such conditions as the Exchange may require. The address of the primary office for the presentation of demand must be located in the United States.
- b. The Exchange will accept letters of credit only from banks with a Moody's Investors Service counterparty credit rating of A or above or a Standard and Poor's short-term counterparty rating not lower than A-2.
- c. The letter of credit must be irrevocable, must provide for payment within the time specified by the Exchange, and must be able to be drawn upon unconditionally.
- d. The letter of credit must be in the form approved by the Exchange.
- e. The expiration date of a letter of credit may not occur during any relevant futures delivery cycle.

## 3. BOND STANDARDS FOR ALL OTHER AGRICULTURAL PRODUCTS

CBOT Rule 703 and other CBOT rules require, as a condition for regularity, that warehousemen for agricultural commodities other than corn, wheat, soybeans, South American Soybeans, and ethanol must file a bond and/or designated letter of credit with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The Exchange has determined that the following requirements shall apply to such bonds.\*

- a. The warehouseman is required to secure a bond naming the Board of Trade of the City of Chicago, Inc. as its beneficiary for such sum and subject to such conditions as the Exchange may require.
- b. The bond must be in the form approved by the Exchange.
- c. The Exchange will accept bonds only from insurance companies that have been rated by one of the following rating agencies: AM Best, Standard & Poor's, or Moody's Investor Service. The following are the minimum credit ratings that are acceptable.
  1. AM Best: B++
  2. Standard & Poor's: A-
  3. Moody's Investor Service: A3

\* The Exchange will continue to accept USDA bonds in order for warehousemen to meet bonding requirements for Oats, and Rice. If the amount specified on the USDA bond does not meet the Exchange's requirements, an additional bond must be issued for the amount that is not covered under the USDA bond. The additional bond must meet the requirements specified in a. through c.

**ELEVATORS IN THE CHICAGO AND BURNS HARBOR SWITCHING DISTRICTS (WHEAT & OATS)**

Following is a listing of the elevators in the Chicago and Burns Harbor Switching Districts approved as regular for the delivery of Wheat and Oats through June 30, 2008:

WAREHOUSE	LOCATION	CAPACITY IN BUSHELS
Cargill, Inc.	Burns Harbor Elevator Portage, IN	5,473,000
Chicago & Illinois River Marketing LLC	Elevator B Chicago, IL	11,313,000

Note: All elevators are Federally licensed.

**ELEVATORS IN THE ST. LOUIS AND EAST ST. LOUIS SWITCHING DISTRICTS (WHEAT)**

Following is a listing of the elevators in the St. Louis, East St. Louis and Alton Switching districts approved as regular for the delivery of Wheat through June 30, 2008:

WAREHOUSE	LOCATION	CAPACITY IN BUSHELS
Archer-Daniels-Midland Co.	St. Louis Elevator St. Louis, MO	1,573,000
Cargill Inc.	Elevator East St. Louis, IL	2,481,000
ConAgra Foods, Inc.	Alton, IL	3,385,000

Note: All elevators listed are Federally licensed.

**ELEVATORS IN THE MINNEAPOLIS AND ST. PAUL SWITCHING DISTRICTS (OATS)**

Following is a listing of the elevators in the Minneapolis and St. Paul, MN Switching Districts which are approved as regular for the delivery of Oats through June 30, 2008:

WAREHOUSE	LOCATION	CAPACITY IN BUSHELS
Bunge North America, Inc.	Port Bunge Elevator Savage, MN	9,276,000
General Mills Operations, Inc.	Washburn Elevator Checkerboard Elevator B Minneapolis, MN	2,400,000
	Washburn D-Elevator T Minneapolis, MN	4,047,000
	Fridley Elevator Fridley, MN	4,955,000
	Washburn E. Soo Elevator Washburn, MN	3,553,000

Note: All elevators listed are Federally licensed.

**ELEVATORS IN THE TOLEDO, OHIO SWITCHING DISTRICT (WHEAT)**

Following is a listing of the elevators in the Toledo, Ohio Switching District which are approved as regular for the delivery of Wheat through June 30, 2008:

WAREHOUSE	LOCATION	CAPACITY IN BUSHELS
The Andersons Agricultural Group L.P.	Andersons-Illinois Elevator Maumee, Ohio	17,230,000
	River Elevator Toledo, Ohio	6,150,000
	Conant Street Elevator Maumee, Ohio	3,280,000
	Edwin Drive Elevator Toledo, Ohio	5,500,000
Archer-Daniels-Midland Co. doing business as ADM Grain Company	Toledo Elevator Toledo, Ohio	9,795,000
	Ottawa Lake Elevator Ottawa Lake, MI	7,680,000

Note: All elevators listed are Federally licensed.

**CORN AND SOYBEAN SHIPPING STATIONS**

Following is a listing of the shipping stations approved as regular for the delivery of Corn and Soybeans for the period through June 30, 2008:

CCL Code	Firm	Location	Mile Marker	Approved Capacity (bu)	Daily Loading Rate (bu/day)	Max. Certs	Location Differential (cents/bu)
1750	Cargill, Inc.	Burns Harbor, IN	340	5,473,000	165,000	1,094	par
1705	Chicago & Illinois River Marketing, LLC	Chicago, IL	329.4R	11,313,000	165,000	2,262	par
1758	Cargill, Inc.	Morris, IL	263.3R	125,000	110,000	440	2
1752	Louis Dreyfus Corporation	Morris, IL	263.0R	304,000	55,000	220	2
1730	ADM Grain Company	Morris-E, IL	263.0R	992,000	110,000	440	2
1759	Cargill, Inc.	Seneca, IL	252.5R	846,000	110,000	440	2
1766	CHS, Inc.	Ottawa, IL	243.0L	370,000	55,000	220	2 1/2
1732	ADM Grain Company	Ottawa-N, IL	241.8R	988,000	110,000	440	2 1/2
1751	Louis Dreyfus Corporation	Ottawa, IL	240.0R	THROUGH PUT	55,000	220	2 1/2
1753	Cargill, Inc.	Ottawa, IL	238.5L	880,000	110,000	440	2 1/2
1733	ADM Grain Company	Ottawa-S, IL	236.9L	107,000	55,000	220	2 1/2
1765	Maplehurst Farms, Inc.	Ottawa, IL	236.4R	THROUGH PUT	55,000	220	2 1/2
1709	Zen-Noh Grain Corporation	Utica, IL	229	1,600,000	55,000	220	2 1/2
1701	Consolidated Grain and Barge Co.	Utica, IL	229L	1,300,000	55,000	220	2 1/2
1734	ADM Grain Company	La Salle, IL	223.3R	84,000	55,000	220	2 1/2
1708	Zen-Noh Grain Corporation	Peru, IL	222.9R	THROUGH PUT	55,000	220	2 1/2

CCL Code	Firm	Location	Mile Marker	Approved Capacity (bu)	Daily Loading Rate (bu/day)	Max. Certs	Location Differential (cents/bu)
1702	Consolidated Grain and Barge Co.	Peru, IL	222.9R	THROUGH PUT	55,000	220	2 1/2
1735	ADM Grain Company	Spring Valley, IL	218.4R	109,000	55,000	440	2 1/2
1754	Cargill, Inc.	Spring Valley, IL	218.3L	1,433,000	110,000	440	2 1/2
1736	ADM Grain Company	Hennepin, IL	207.7L	500,000	55,000	440	2 1/2
1760	Cargill, Inc.	Hennepin, IL	207.5L	110,000	110,000	440	2 1/2
1707	Zen-Noh Grain Corporation	Hennepin, IL	207.4R	490,000	55,000	220	2 1/2
1703	Consolidated Grain and Barge Co.	Hennepin, IL	207.4R	416,000	55,000	220	2 1/2
1737	ADM Grain Company	Henry, IL	195.8R	552,000	55,000	220	2 1/2
1738	ADM Grain Company	Lacon, IL	189.5L	199,000	55,000	220	2 1/2
1761	Cargill, Inc.	Lacon, IL	189.3L	487,000	110,000	440	2 1/2
1740	ADM Grain Company	Creve Coeur, IL	158.1L	1,401,000	55,000	440	3
1720	Tomen Grain Company	Pekin, IL	152.2L	156,000	110,000	440	3

### SOYBEAN ONLY SHIPPING STATIONS

Following is a listing of additional shipping stations approved as regular for the delivery of Soybeans only for the period through June 30, 2008:

CCL Code	Firm	Location	Mile Marker	Approved Capacity (bu)	Daily Loading Rate (bu/day)	Max. Certs	Location Differential (cents/bu)
1755	Cargill, Inc.	Havana-N, IL	119.9L	575,000	110,000	440	3 1/2
1762	Cargill, Inc.	Havana-S, IL	119.8L	738,000	110,000	440	3 1/2
1742	ADM Grain Company	Havana-N, IL	119.6L	2,800,000	55,000	220	3 1/2
1743	ADM Grain Company	Havana-S, IL	119.3L	178,000	55,000	440	3 1/2
1763	Cargill, Inc.	Beardstown, IL	88.1L	439,000	110,000	440	3 1/2
1744	ADM Grain Company	Beardstown, IL	91.0R	2,757,000	55,000	220	3 1/2
1756	Cargill, Inc.	Meredosia, IL	71.3L	962,000	110,000	440	3 1/2
1745	ADM Grain Company	Naples, IL	66.1L	310,000	55,000	220	3 1/2
1706	Zen-Noh Grain Corp.	Naples, IL	65L	THROUGH PUT	55,000	220	3 1/2
1704	Consolidated Grain and Barge Co.	Naples, IL	65L	6,247,000	55,000	220	3 1/2
1757	Cargill, Inc.	Florence, IL	55.3R	1,855,000	110,000	440	3 1/2
1747	ADM Grain Company	St. Louis, MO	UM 184R	1,573,000	220,000	880	6
1764	Cargill, Inc.	E. St. Louis, IL	UM 179L	2,481,000	110,000	440	6
1711	Consolidated Grain & Barge Co.	Cahokia, IL	UM 176.5L	THROUGH PUT	55,000	220	6

**CRUDE SOYBEAN OIL FACILITIES**

Following is a listing of the firms approved for the delivery of Crude Soybean Oil through June 30, 2008:

<b>FIRM/FACILITIES</b>	<b>REGULAR SPACE (POUNDS)</b>	<b>MAXIMUM RECEIPTS ALLOWED TO ISSUE</b>
<b>AG PROCESSING, INCORPORATED</b>		
Dawson, MN	24,000,000	400
Eagle Grove, IA	20,000,000	333
Emmetsburg, IA	88,000,000	1,466
Manning, IA	9,000,000	150
Mason City, IA	36,000,000	600
Omaha, NE	40,000,000	666
Sergeant Bluff, IA	21,000,000	350
Sheldon, IA	19,200,000	320
St. Joseph, MO	24,000,000	400
<b>ARCHER DANIELS MIDLAND CO</b>		
Decatur, IL	118,400,000	1,973
Des Moines, IA	24,050,000	400
Frankfort, IN	25,900,000	431
Galesburg, IL	11,400,000	190
Lincoln, NE	27,000,000	450
Mexico, MO	29,600,000	493
Quincy, IL	37,000,000	600
<b>BUNGE MILLING, INC.</b>		
Danville, IL	91,500,000	1,016
<b>BUNGE NORTH AMERICA, INC.</b>		
Logansport, IN	60,000,000	800
<b>BUNGE NORTH AMERICA (EAST), LLC</b>		
Decatur, IN	118,950,000	1,333
<b>BUNGE NORTH AMERICA (ODP WEST), INC.</b>		
Emporia, KS	36,600,000	416
<b>CARGILL, INC.</b>		
Ackley, IA	240,000,000	3,453
Bloomington, IL	3,900,000	65
Buffalo, IA	36,800,000	370
Cedar Rapids, IA	1,920,000	32
Cedar Rapids, (E), IA	9,300,000	155
Des Moines, IA	7,700,000	128
Iowa Falls, IA	20,000,000	233
Kansas City, MO	7,000,000	116
Lafayette, IN	9,000,000	150
<b>CHS Inc.</b>		
(Harvest States Oilseed Processing and Refining division)		
Mankato, MN	6,000,000	100
<b>SOLAE LLC</b>		
Gibson City, IL	48,100,000	800
<b>SOUTH DAKOTA SOYBEAN PROCESSORS, LLC</b>		
Volga, SD	200,700,000	3,316

**SOYBEAN MEAL FACILITIES**

Following is a listing of the firms approved for the delivery of Soybean Meal through June 30, 2008:

FIRM/FACILITY	DAILY RATE OF LOADING (TONS)	MAXIMUM CERTIFICATES BONDED TO ISSUE
<b>Ag Processing Incorporated</b>		
Eagle Grove, IA	1,600	265
Manning, IA	600	115
Mason City, IA	700	114
Emmetsburg, IA	700	117
Sergeant Bluff, IA	1,000	172
Sheldon, IA	840	155
St. Joseph, MO	620	105
<b>Archer-Daniels-Midland Co.</b>		
Decatur, IL	2,000	325
Des Moines, IA	1,500	261
Fostoria, OH	700	118
Frankfort, IN	800	124
Galesburg, IL	400	70
Mexico, MO	500	90
Quincy, IL	2,000	349
<b>Bunge Milling, Inc.</b>		
Danville, IL	1,700	855
<b>Bunge North America (East), LLC</b>		
Bellevue, OH	800	220
Decatur, IN	2,000	900
Morristown, IN	1,496	284
<b>Bunge North America (ODP West), Inc.</b>		
Council Bluffs, IA	2,500	545
<b>Bunge North America, Inc.</b>		
Cairo, IL	2,000	300
Decatur, AL	1,150	195
Marks, MS	1,200	210
<b>Cargill, Inc.</b>		
Bloomington, IL	1,000	90
Cedar Rapids (E), IA	1,500	225
Des Moines, IA	1,100	165
Guntersville, AL	900	188
Iowa Falls, IA	1,500	225
Kansas City, MO	1,500	225
Lafayette, IN	850	128
Sioux City, IA	2,000	330
Sidney, OH	1,500	225
<b>Consolidated Grain &amp; Barge Company</b>		
Mt. Vernon, IN	1,000	210
<b>Creston Bean Processing LLC</b>		
Creston, IA	594	113
<b>Owensboro Grain Company, LLC</b>		
Owensboro, KY	1,600	553
<b>Riceland Foods, Incorporated</b>		
Stuttgart, AR	325	98
<b>Solae LLC</b>		
Gibson City, IL	800	220



**ETHANOL SHIPPING PLANTS**

The following is a listing of the shipping plants approved as regular for the delivery of Ethanol for the period through June 30, 2009:

<b>CCL Code</b>	<b>Firm</b>	<b>Clearing Agent</b>	<b>Location</b>	<b>CBOT Approved Daily Rate of Loading (In gallons per day)</b>	<b>Maximum Certificates</b>
5000	AGP Corn Processing, Inc.	TENCO, Inc.	Hastings, NE	130,000	67
5005	Global Ethanol, LLC	RJ O'Brien	Lakota, IA	116,000	146
5010	Cargill, Inc.	J.P. Morgan Futures, Inc.	Eddyville, IA	86,400	79
5015	Cargill, Inc.	J.P. Morgan Futures, Inc.	Blair, NE	230,400	180
5020	Cargill, Inc.	J.P. Morgan Futures, Inc.	Argo, IL	58,000	64
5045	Ethanol Products, LLC	MF Global Inc.	Emmetsburg, IA	87,000	148
5060	Ethanol Products, LLC	MF Global Inc.	Hudson, SD	87,000	183
5065	Ethanol Products, LLC	MF Global Inc.	Argo, IL	87,000	117
5070	Archer Daniels Midland Co.	ADM Investor Services	Marshall, MN	58,000	98
5075	Archer Daniels Midland Co.	ADM Investor Services	Walhalla, ND	58,000	36
5080	BP Corporation North America Inc.	UBS	Forest View, IL	64,000	46
5085	Noble Americas Corp.	TENCO, Inc.	Argo, IL	80,000	92
5090	Badger State Ethanol, LLC	MF Global Inc.	Monroe, WI	116,000	60
5095	Husker AG, LLC	FC Stone, LLC	Plainview, NE	58,000	54
5110	Golden Triangle Energy, LLC	Iowa Grain Company	Craig, MO	58,000	42
5115	U.S. Oil Co., Inc.	BNP Paribas Securities Corp.	Argo, IL	78,000	40
5120	Lansing Ethanol Services, LLC	Fortis Clearing Americas, LLC	Argo, IL	145,000	103
5125	Tate & Lyle Ingredients Americas Inc.	FIMAT USA	Loudon, TN	116,000	104
5130	Big River Resources, LLC	RJ O'Brien	W. Burlington, IA	58,000	81
5135	Lincolnland Agri-Energy LLC	Iowa Grain	Palestine, IL	140,000	124
5140	AGP Corn Processing, Inc.	TENCO, Inc.	Argo, IL	58,000	41
5145	New Energy Corp.	Citigroup	South Bend, IN	116,000	125
5150	The Andersons Albion Ethanol LLC	UBS	Albion, MI	60,000	82
5155	Murex N.A. Ltd.	RJ O'Brien	Argo, IL	58,000	30
5160	Utica Energy, LLC	FC Stone LLC	Oshkosh, WI	150,000	284
5165	Aventine Renewable Energy, Inc.	Citigroup	Pekin, IL	116,000	128

## SOUTH AMERICAN SOYBEAN SHIPPING FACILITIES

The following is a listing of the shipping facilities approved as regular for the delivery of South American soybeans for the period through June 30, 2009.

Warehouse Number	Firm	Clearing Agent	Location of Port	Maximum Certificates	Location Differential
6020	COAMO Agroindustrial Cooperativa	Goldenberg, Hehmeyer & Co.	Paranagua	1469	PAR
6030	Cargill Agricola, S.A.	Cargill Investor Services, Inc.	Paranagua	1469	PAR
6050	Louis Dreyfus Corporation/Comercio Industrias Brasileiras Coinbra, S.A.	Term Commodities, Inc.	Paranagua	2204	PAR

## ROUGH RICE REGULARITY

The following applications for a declaration of regularity for the delivery of Rough-Rice have been approved through June 30, 2008:

FIRM/FACILITY	Total Capacity (cwt.)	Maximum Receipts Deliverable	Storage Rate (per hundred weight per day)	Load-Out rate (per hundred weight)
<b>FARMER'S GRANARY, INC.</b>				
Patterson, AR	900,000	450	34.00/100 of a ct.	22.22 cents
<b>SOUTHERN RICE AND COTTON, LLC</b>				
Harrisburg, AR	952,000	476	34.00/100 of a ct.	22.22 cents
<b>HARVEST RICE, INC.</b>				
McGehee, AR	690,000	345	34.00/100 of a ct.	22.22 cents
Otwell, AR	353,850	176	34.00/100 of a ct.	22.22 cents
<b>POINSETT RICE &amp; GRAIN, INC.</b>				
Cherry Valley, AR	886,950	443	34.00/100 of a ct.	22.22 cents
Diaz, AR	425,250	212	34.00/100 of a ct.	22.22 cents
Waldenburg, AR	1,036,350	518	34.00/100 of a ct.	22.22 cents
<b>PRODUCER'S RICE MILL, INC.</b>				
Stuttgart, AR	122,000	61	28.89/100 of a ct.	21.10 cents
Stuttgart, AR (Mill Site)	400,000	200	28.89/100 of a ct.	21.10 cents
Wynne, AR	478,000	239	28.89/100 of a ct.	20.00 cents
<b>RICELAND FOODS, INC.</b>				
Dumas, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Fair Oaks, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Hickory Ridge, AR	338,000	169	34.00/100 of a ct.	22.22 cents
Jonesboro, AR	2,250,000	1,125	34.00/100 of a ct.	22.22 cents
McGehee, AR	300,000	150	34.00/100 of a ct.	22.22 cents
Newport, AR	360,000	180	34.00/100 of a ct.	22.22 cents
Stuttgart, AR- Dryer Mill Site	2,250,000	1,125	34.00/100 of a ct.	22.22 cents
Waldenburg, AR	850,000	425	34.00/100 of a ct.	22.22 cents
Weiner, AR	450,000	225	34.00/100 of a ct.	22.22 cents
Wheatly, AR	450,000	225	34.00/100 of a ct.	22.22 cents

**Chapter 14B**  
**Mini-Sized Wheat Futures**  
**[For Contracts Expiring Prior to July 2008]**

**14B00. SCOPE OF CHAPTER**

This chapter is limited in application to futures trading of mini-sized wheat. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein or in Chapters 7 and 14 shall be governed by the general rules of the Exchange.

**14B01. CONTRACT SPECIFICATIONS**

Each futures contract shall be for 1,000 bushels of No. 2 Soft Red Winter, No. 2 Hard Red Winter, No. 2 Dark Northern Spring, and No. 2 Northern Spring at par; and No. 1 Soft Red Winter, No. 1 Hard Red Winter, No. 1 Dark Northern Spring and No. 1 Northern Spring at 3 cents per bushel over contract price. Every delivery of mini-sized wheat may be made up of the authorized grades for shipment from eligible regular facilities provided that no lot delivered shall contain less than 1,000 bushels of any one grade in any one facility.

**14B02. TRADING SPECIFICATIONS**

Trading in mini-sized wheat futures is regularly conducted in five months – July, September, December, March and May. The number of months open for trading at a given time shall be determined by the Exchange.

**14B02.A. Trading Schedule**

The hours for trading of mini-sized wheat futures shall be determined by the Exchange.

On the last day of trading in an expiring future, the close of the expiring future shall begin at 12 o'clock noon and trading shall be permitted thereafter for a period not to exceed one minute. Quotations made during this one minute period shall constitute the close.

**14B02.B. Trading Unit**

The unit of trading shall be 1,000 bushels of wheat.

**14B02.C. Price Increments**

The minimum fluctuation for mini-sized wheat futures shall be 1/8 cent per bushel (\$1.25 per contract), including spreads.

**14B02.D. Daily Price Limits**

There shall be no trading in mini-sized wheat futures at a price more than \$.30 per bushel (\$300 per contract) above or below the previous day's settlement price, except that there shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month.

#### **14B02.E. Position Limits**

For the purposes of this rule, one mini-sized wheat contract is equivalent to one-fifth of a corresponding full-sized wheat contract, and positions in wheat and mini-sized wheat will be aggregated for the purpose of determining compliance with the contracts' position limit.

In accordance with Rule 559., Position Limits and Exemptions, no person shall own or control positions in excess of:

1. 3,000 contracts net long or net short in the spot month.

In the last five trading days of the expiring futures month in May, the speculative position limit will be 3,000 contracts if deliverable supplies are at or above 12,000 contracts, 2,500 contracts if deliverable supplies are between 10,000 and 11,999 contracts, 2,000 contracts if deliverable supplies are between 8,000 and 9,999 contracts, 1,500 contracts if deliverable supplies are between 6,000 and 7,999 contracts, and 1,100 contracts if deliverable supplies are below 6,000 contracts. Deliverable supplies will be determined from the CBOT's Stocks of Grain report on the Friday preceding the first notice day for the May contract month.

2. 25,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month. Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit.

3. 32,500 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 559. for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### **14B02.F. Termination of Trading**

No trades in mini-sized wheat futures deliverable in the current month shall be made after the business day preceding the 15th calendar day of that month. Any contracts remaining open after the last day of trading must be either:

- (a) Settled by delivery no later than the seventh business day following the last trading day.
- (b) Liquidated by means of a bona fide Exchange of Futures for Related Position, no later than the sixth business day following the last trading day.

#### **14B03. SETTLEMENT PRICES**

Settlement prices of mini-sized wheat futures contracts shall be set equal to the settlement prices of the corresponding contracts in the primary market. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the Clearing House shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement prices shall be set at the fair market value of the contract at the close of trading.

#### **14B04. GRADES / GRADE DIFFERENTIALS**

A mini-sized futures contract for the sale of wheat shall be performed on the basis of United States origin only upon written request by a taker of delivery at the time loading orders are submitted.

<b>WHEAT GRADE DIFFERENTIALS</b>	
<b>At 3¢ Premium</b>	<b>At Contract Price</b>
No. 1 Soft Red Winter	No. 2 Soft Red Winter
No. 1 Hard Red Winter	No. 2 Hard Red Winter
No. 1 Dark Northern Spring	No. 2 Dark Northern Spring
No. 1 Northern Spring	No. 2 Northern Spring

Wheat which contains moisture in excess of 13.5% is not deliverable.

A mini-sized contract for the sale of wheat for future delivery shall be performed on the basis of the grades officially promulgated by the Secretary of Agriculture as conforming to United States Standards at the time of making the contract. If no such United States grades shall have been officially promulgated, then such contract shall be performed on the basis of the grades established by the Department of Agriculture of the State of Illinois, or the standards established by the Rules of the Exchange in force at the time of making the contract.

**14B05. LOCATION DIFFERENTIALS**

In accordance with the provisions of Rule 14B06., wheat in regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District or the Toledo, Ohio Switching District may be delivered in satisfaction of mini-sized Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat in regular facilities located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of mini-sized Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.

**14B06. DELIVERY POINTS**

Wheat receipts shall specify shipment from one of the currently regular for delivery facilities located in one of the following territories:

Wheat in regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District or the Toledo, Ohio Switching District may be delivered in satisfaction of mini-sized wheat futures contracts. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat in regular facilities located within the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of mini-sized Wheat futures. When used in these Rules, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission.

**14B07. DELIVERIES BY MINI-SIZED WHEAT RECEIPTS**

Deliveries of CBOT mini-sized Wheat shall be made by delivery of Warehouse Depository Receipts (WDR) created by the Exchange from registered warehouse receipts issued by warehousemen against stocks of wheat in facilities which have been declared regular for delivery of wheat by the Exchange. In order to effect a valid delivery, each WDR must be properly endorsed by the holder making the delivery. Such endorsement shall constitute a warranty of the genuineness of the WDR and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the warehouseman. Such endorsement shall also constitute a representation that all storage charges have been paid on the commodity covered by the WDR, in accordance with Rule 14B08.

Warehouse Depository Receipts may not be cancelled for load-out. Upon the return of five (5) properly endorsed WDRs to the Exchange, and payment of all storage charges pertaining to the wheat represented, for which the Exchange claims a lien, a registered warehouse receipt will be delivered by the Exchange to the holder of the five (5) WDRs.

(Refer to Rule 713., Delivery Procedures.)

**14B08.**

**STORAGE CHARGES**

To be valid for delivery on futures contracts, all receipts covering mini-sized wheat under obligation for shipment must indicate the applicable storage charge. No receipt shall be valid for delivery on futures contracts unless the storage charges on such wheat shall have been paid up to and including the 18th calendar day of the preceding month, and such payment is endorsed on the receipt. Unpaid accumulated storage charges at the posted rate applicable to the facility shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The storage charges on mini-sized Wheat shall not exceed 15/100 of one cent per bushel per day.

## **Chapter 20B**

### **Flexible Options on Medium-Term U.S. Treasury Note Futures**

#### **20B00. SCOPE OF CHAPTER**

This chapter is limited in application to Flexible put and call options on the Medium-Term U.S. Treasury Note futures contract. In addition to the rules of this chapter, transactions in options on Medium-Term U.S. Treasury Note futures shall be subject to the general rules of the Exchange insofar as applicable.

#### **20B01. OPTIONS CHARACTERISTICS**

##### **20B01.A. Contract Months**

Trading may be conducted in flexible options in any month up through the most distant underlying futures contract listed for trading.

The underlying futures contract for a flexible option shall be the same as the underlying futures contract month of the nearest quarterly cycle standard futures option expiring on or after the expiration of the flexible option.

##### **20B01.B. Trading Unit**

The minimum size for requesting a quote and/or trading in a flexible option series is 50 contracts, where each contract represents one of the underlying futures contracts at the Exchange. Parties may request a quote and/or trade for less than 50 contracts in order to entirely close out a position in a flexible series.

For a flexible options series, respondents to a request for quote must be willing to trade at least 50 contracts, with the exception that a respondent may trade less than 50 contracts if the respondent is entirely closing out a position in the series.

##### **20B01.C. Minimum Fluctuations**

The premium for Medium-Term U.S. Treasury Note Flexible futures options shall be in multiples of one sixty-fourth (1/64) of one percent (1%) of a \$100,000 Medium-Term U.S. Treasury Note futures contract which shall equal \$15.625 per 1/64 and \$1,000 per full point.

However, a position may be initiated or liquidated in Medium-Term U.S. Treasury Note Flexible futures options at a premium ranging from \$1.00 to \$15.00, in \$1.00 increments per option contract.

If options are quoted in volatility terms, the minimum fluctuation shall be .10 percent (i.e. -10.0%, 10.1%, 10.2%, etc.)

##### **20B01.D. Trading Hours**

The hours of trading for flexible options on Medium-Term U.S. Treasury Note futures contracts shall be determined by the Exchange.

On the last day of trading in an expiring option, the expiring option shall cease trading at the time of the close of the open outcry trading session for the underlying Medium-Term U.S. Treasury Note futures contract.

**20B01.E. Exercise Prices**

Strike prices for flexible options must be specified in points and 64th's of points per Medium-Term U.S. Treasury Note futures contract. However, strike prices may be specified in 1/64th point increments relative to the underlying futures contract. Strike prices cannot be outside the range of the currently listed strike prices for standard options.

**20B01.F. Expiration Date**

Flexible option expiration may be specified for any Monday through Friday that is not an Exchange holiday except that expiration may not occur following the last Friday that precedes by at least two business days the last business day of the calendar month preceding the underlying futures contract month. Flexible options expire at 7:00 p.m. on the last trading day.

However, options which meet the criteria given in the second paragraph of Flexible Option Rule 20B01.G will follow expiration and exercise procedures as specified in the standard option rules.

**20B01.G. Nature of Flexible Options on Medium-Term U.S. Treasury Note Futures**

Flexible options on Medium-Term U.S. Treasury Note futures shall be permitted in puts and calls which do not have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options.

However, Flexible Options on Medium-Term U.S. Treasury Note futures shall also be permitted in puts and calls which have the same underlying futures contract, same strike price, same exercise style, and same last day of trading as standard options that are not at the time listed for trading in the standard options pit or on e-cbot. All Flexible Option rules except those covered in Rules 20B01F, 20B01I, and 20B02.A., will pertain for these options. Once and if these options are listed for trading as standard options, they will be traded subject to standard options trading requirements. Upon such listing, all existing open positions established under flexible options trading procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these rules.

Trading shall be permitted in any recognized option/option or option/futures spread involving puts, calls or futures.

**20B01.H. Exercise Style**

Flexible options may be American or European exercise style.

**20B01.I. Termination of Trading**

The last day of trading in a flexible option shall be the expiration day.

However, options which meet the criteria given in the second paragraph of Flexible Option Rule 20B01.G will follow the expiration and exercise procedures as specified in the standard option rules.

**20B01.J. Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of the rules and all open and new options contracts shall be subject to such government orders.



**20B02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise and assignment of Flexible Medium-Term U.S. Treasury Note Options.

**20B02.A. Exercise of Option**

After the close on the last day of trading, all in-the-money flexible options will be automatically exercised unless notice to cancel automatic exercise is given to the Clearing House by 5:00 p.m., or by such other time designated by the Exchange, on that day.

Notification of the intent to exercise a flexible option must be received by the Clearing House by 5:00 p.m. Chicago time, or by such other time designated by the Exchange. No exceptions to the 5:00 p.m. exercise deadline, or such other deadline designated by the Exchange, shall be permitted.

However, options which meet the criteria given in the second paragraph of Flexible Option Rule 20B01.G will follow expiration and exercise procedures as specified in the standard option rules.

**20B02.B. Assignment**

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members' open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the Exercise Notice.

**20B03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

(Refer to Rule 701.).

**20B04. [RESERVED]**

**20B05. INITIATING A FLEXIBLE OPTION CONTRACT SERIES**

The opening of trading in any flexible option series shall occur through the submission of an RFQ or at such time that a trade takes place in the particular flexible option series.

If so desired, participants can submit additional RFQ's for any open series. However, in this situation no priority period (Rule 20B06.) will exist.

**20B06.**

**RFQ TRADING INTERVAL**

If the submitter of the first RFQ of the day in a flexible series requests either a bid or an offer, but not both, then he shall have up to a one minute priority period during which he shall have the sole right to either buy or sell as specified in his RFQ. The length of the priority period shall be determined by the Exchange.

If more than one RFQ is the first RFQ of the day in a flexible series, all the RFQ's individually ask for either a bid or an offer, but not both, and all the RFQ's collectively are for the same side of the market (all bids or all offers) then the submitters shall jointly share priority during the period.

Priority for RFQ's is determined by submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

**20B07.**

**EXPIRATION OF AN RFQ**

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session. Trading in a given flexible option series following a transaction in that series shall remain open through the remainder of the trading session in which the transaction was executed and through each subsequent session in which there is open interest in the flexible option series.

**20B08.**

**REPORTING OF FLEXIBLE OPTIONS TRADES**

It shall be the responsibility of the participants in a flexible option trade to promptly report the quantities and prices to the flexible pit reporter.

## **Chapter 24A**

### **Options on 5-Year Interest Rate Swap Futures**

#### **24A00. SCOPE OF CHAPTER**

This chapter is limited in application to put and call options on 5-Year Interest Rate Swap futures. In addition to the rules of this chapter, transactions in options on 5-Year Interest Rate Swap futures shall be subject to the general rules of the Exchange insofar as applicable.

#### **24A01. OPTIONS CHARACTERISTICS**

##### **24A01.A. Contract Months**

Trading in 5-Year Interest Rate Swap futures options may be scheduled in such months as determined by the Exchange.

##### **24A01.B. Trading Unit**

One 5-Year Interest Rate Swap futures contract of a specified contract month.

##### **24A01.C. Minimum Fluctuations**

The premium for 5-Year Interest Rate Swap futures options shall be in multiples of one sixty-fourth (1/64) of one point of a 5-Year Interest Rate Swap futures contract which shall equal \$15.625 per 1/64 and \$1,000 per full point.

However, a position may be initiated or liquidated in 5-Year Interest Rate Swap futures options at a premium ranging from \$1.00 to \$15.00, in \$1.00 increments per option contract.

##### **24A01.D. Trading Hours**

The hours for trading of options on 5-Year Interest Rate Swap futures shall be determined by the Exchange. 5-Year Interest Rate Swap futures options shall be opened and closed for all months and strike prices simultaneously or in such a manner as the Exchange shall direct.

On the last day of trading in an expiring option, the expiring 5-Year Interest Rate Swap futures options shall cease trading at 10:01 Chicago time which shall be the same time at which the corresponding futures contract ceases trading.

##### **24A01.E. Exercise Prices**

Trading shall be conducted for put and call options with striking prices in integral multiples of one-half point per 5-Year Interest Rate Swap futures contract. At the commencement of trading for such option contracts, the following striking prices shall be listed: one with a striking price closest to the previous day's settlement price on the underlying 5-Year Interest Rate Swap futures contract and the next fifteen consecutive higher and the next fifteen consecutive lower striking prices closest to the previous day's settlement price. If the previous day's settlement price is midway between two strike prices, the closest price shall be the larger of the two. Over time, new striking prices will be added to ensure that at least fifteen striking prices always exist above and below the previous day's settlement price on the underlying futures. All new striking prices will be added prior to the opening of trading on the following business day.

The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

**24A01.F. Reserved**

**24A01.G. Nature of Options on 5-Year Interest Rate Swap Futures**

The buyer of one 5-Year Interest Rate Swap futures put option may exercise his option at any time prior to expiration (subject to Rule 24A02.A.) to assume a short position of one 5-Year Interest Rate Swap futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 5-Year Interest Rate Swap futures put option incurs the obligation of assuming a long position of one 5-Year Interest Rate Swap futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one 5-Year Interest Rate Swap futures call option may exercise his option at any time prior to expiration (subject to Rule 24A02.A.) to assume a long position of one 5-Year Interest Rate Swap futures contract of a specified contract month at a striking price set at the time the option was purchased. The seller of one 5-Year Interest Rate Swap futures call option incurs the obligation of assuming a short position of one 5-Year Interest Rate Swap futures contract of a specified contract month at a striking price set at the time the option was sold, upon exercise by a call option buyer.

**24A01.H. Reserved**

**24A01.I. Termination of Trading**

Trading in an expiring option contract shall terminate at the same time and on the same date as the underlying futures contract, that is, the close of the expiring option shall begin at 10:00 a.m. Chicago time on the second London business day before the third Wednesday of the underlying futures contract's delivery month and trading shall be permitted thereafter for a period not to exceed one minute.

**24A01.J. Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of the rules and all open and new options contracts shall be subject to such government orders.

**24A02. EXERCISE AND ASSIGNMENT**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise and assignment of 5-Year Interest Rate Swap futures options.

**24A02.A. Exercise of Option**

The buyer of a 5-Year Interest Rate Swap futures option may exercise the option on any business day up to and including the day such option expires by giving notice of exercise to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Exchange, on such day. In-the-money options that have not been liquidated or exercised on the last day of trading in such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Exchange, on the last day of trading by the clearing member representing the option buyer.

An option is in-the-money if the settlement price of the underlying futures contract is less in the case of a put, or greater in the case of a call, than the exercise price of the option

Unexercised 5-Year Interest Rate Swap futures options shall expire at 7:00 p.m. Chicago time on the last day of trading.

**24A02.B. Assignment**

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members open short position in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

**24A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

(Refer to Rule 701.).

**24A04. CORRECTIONS TO OPTIONS EXERCISES**

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an un-reconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

**24A05. PAYMENT OF OPTION PREMIUM**

The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.