

NYBOT®

LICENSING RULES

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LICENSING RULES

Rule 7.00. Parties Subject to Licensing

Any individual or Firm engaged in handling or storing Commodities for deliveries pursuant to a Commodity Contract as a chemist, classifier, grader, master sampler, warehouse operator or weighmaster shall be licensed by the Exchange; provided, however, that no Exchange license shall be required with respect to the handling of sugar under the Sugar No. 11 Futures Contract. In order to be licensed as a warehouse operator, such warehouse operator must own or lease space which is licensed by the Exchange as suitable for the storage of Commodities.

Cocoa and Coffee

Rule 7.01. Scope of Sub-Chapter

The Rules of this Sub-Chapter govern the licensing of individuals and Firms engaged in the storage and handling of cocoa and coffee for deliveries pursuant to the Exchange's Cocoa and Coffee "C" Futures Contracts.

Rule 7.02. Individual Licensees

(a) To be eligible for an Exchange license as a chemist, classifier or grader, an applicant must be a natural person at least 18 years of age, of good character and commercial standing and comply with any applicable local, state or federal requirements.

(b) An applicant for a license as coffee grader must have a minimum of five (5) years experience in the coffee trade and at least five (5) years of actual grading experience.

(c) An applicant for a license as a coffee classifier must have a minimum of five (5) years experience in the coffee trade and at least five (5) years of actual classifying experience.

(d) An applicant for a license as a cocoa grader must have a minimum of three (3) years of experience in the cocoa industry. Any licensed sampler shall not be eligible as a licensed cocoa grader.

Rule 7.03. Firm Licensees

To be eligible for an Exchange license as a master sampler, warehouse, or weighmaster, an applicant must be a Firm of good commercial standing authorized to do business in any state where the nature of its activities so requires and comply with any applicable local, state or federal requirements.

Rule 7.04. License and eCOPS Participant Agreements

To be eligible for an Exchange license, an applicant must execute:

(a) an agreement, in the form prescribed by the Exchange, agreeing therein to be subject to:

(1) the Rules, including specifically, the applicability of the Arbitration Rules to the resolution of any controversy between a Licensee and a Member as the same are in effect from time to time; and

(2) the jurisdiction of the courts of the State of New York and the applicability of the laws of the State of New York to all disputes between the Licensee and the Exchange; and

(b) as determined by the Exchange, the applicable eCOPS Participant Agreement.

Rule 7.05. Warehouse Operators

To be eligible for an Exchange license or renewal thereof a warehouse operator must:

(a) submit to the Vice President – Commodity Operations and maintain in effect either proof in a form acceptable to the Cocoa and Coffee Warehouse and License Committee of the following minimum coverages issued by an insurer, or surety, or a letter of credit from a financial institution, in either case satisfactory to the Committee, as follows:

(i)(1) Outstanding performance bond coverage or an unconditional irrevocable letter of credit from a financial institution approved by the Exchange (an "Approved Financial Institution") in the amount of at least the following:

Amount	Exchange Licensed Storage Space
\$100,000	Up to—250,000 SQ. FT.
\$175,000	250,001—500,000 SQ. FT.
\$225,000	500,001—750,000 SQ. FT.
\$250,000	750,001—ABOVE SQ. FT.

(2) Any irrevocable letter of credit submitted to satisfy the requirements of paragraph (a)(i)(1), above, must be issued or confirmed by an Approved Financial Institution, be in such form as may be prescribed by the Exchange from time to time, and shall not expire until the 30th day of April occurring next following the effective date of the granting or renewal of the license;

(ii) Outstanding fidelity insurance coverage in the amount of at least \$100,000; and

(iii) Outstanding warehouse operator's legal liability insurance coverage in the amount of at least \$500,000 for each location where one or more buildings containing a Licensed Store are situated and which provides for coverage for each Licensed Store.

(b) must own or lease space which is licensed by the Exchange as suitable for the storage of Commodities, provided, however, that no wharf warehouses located in the Port of New Orleans shall be Licensed for the storage of Exchange coffee;

(c) with respect to an application to store Cocoa, hold a valid Cocoa Merchants' Association of America, Inc. (CMA) Warehouse Compliance Certificate;

(d) meet all applicable local, state, and federal requirements;

(e) bear all expenses incurred by the Exchange in any investigation of the suitability of a store for the proper handling and storage of the Commodity to be stored or already stored for which a license is requested or has been issued; and

(f) meet such other requirements as are prescribed in the Rules or as may be established from time to time by the Cocoa and Coffee Warehouse and License Committee or by the Board.

Rule 7.06. Graders

To be eligible for an Exchange license as a grader or classifier, an applicant must:

(a) pass such grading or classifying test ("original grading test") as may be authorized, from time to time, by the Cocoa and Coffee Warehouse and License Committee; provided, however, that the Cocoa and Coffee Warehouse and License Committee may, in its discretion, waive the testing requirement for good cause shown;

(b) provide to the Cocoa and Coffee Warehouse and License Committee proof acceptable to the Cocoa and Coffee Warehouse and License Committee of sufficient knowledge, training and experience in the field of grading or classifying; and

(c) in order to maintain the Exchange license as a grader or classifier, a coffee grader is required to:

(i) pass, every five (5) years, a maintenance grading test as authorized by the Cocoa and Coffee Warehouse and License Committee and administered by a panel of three (3) individuals designated by the Board of Coffee Graders;

(ii) attend, every two (2) years, a seminar on latest developments in the coffee industry as authorized by the Cocoa and Coffee Warehouse and License Committee and conducted by one (1) or more individuals designated by the Board of Coffee Graders; and

(iii) grade coffee at least once a year.

(d) in order to maintain the Exchange license as a grader, a cocoa grader is required to grade cocoa a minimum of one (1) time every two (2) years.

(e) The license of a coffee grader who fails to meet the requirements set forth in subparagraph (c)(i), (ii) and (iii) of this Rule shall be canceled by the Cocoa and Coffee Warehouse and License Committee as prescribed in Rule 7.20.

(i) A coffee grader who fails to pass the maintenance grading test must pass the original grading test in order to be eligible for an Exchange license.

(ii) A coffee grader who fails to attend the seminar prescribed in subparagraph (c)(ii) of this Rule must attend such seminar to be eligible for an Exchange license.

(f) The license of a cocoa grader who fails to meet the requirement set forth in paragraph (d) of this Rule shall be canceled by the Cocoa and Coffee Warehouse and License Committee as prescribed in Rule 7.20.

Rule 7.07. Master Samplers

To be eligible for an Exchange license as a master sampler, an applicant must:

(a) have executed a User Agreement with the Exchange to obtain the User Package and have access to and be able to use the Exchange's Commodities Operations Processing System ("COPS"); and

(b) provide to the Cocoa and Coffee Warehouse and License Committee proof acceptable to the Committee of sufficient knowledge, training and experience in the field of sampling. Applicants must also register with the Exchange the names of all those individuals it shall employ as samplers to perform Exchange sampling duties and shall attest to each individual's knowledge, training and experience in the field of sampling. Master samplers shall be responsible for the acts of all such individuals and shall immediately notify the Vice President-Commodity Operations of any additions to or deletions from such required listing.

Rule 7.08. Weighmasters

To be eligible for an Exchange license as a weighmaster an applicant must:

(a) have executed a User Agreement with the Exchange to obtain the User Package and have access to and be able to use the Exchange's Commodities Operations Processing System ("COPS"); and

(b) provide to the Cocoa and Coffee Warehouse and License Committee proof acceptable to the Committee of sufficient knowledge, training and experience in the field of weighing. Applicants must also register with the Exchange the names of all those individuals it shall employ to perform Exchange weighing duties and shall attest to each such individual's knowledge, training and experience in the field of weighing the related commodity. Weighmasters shall be responsible for the acts of all such individuals and shall immediately notify the Vice President-Commodity Operations of any additions to or deletions from such required listing.

Rule 7.09. Chemists

To be eligible for an Exchange license as a chemist, an applicant must meet such standards as may be set, from time to time, by the Cocoa and Coffee Warehouse and License Committee.

Rule 7.10. Application

(a) All applicants for an Exchange license must file with the Vice President-Commodity Operations:

(i) an application for a license in the form supplied by the Exchange;

(ii) such other documents as the Cocoa and Coffee Warehouse and License Committee may deem necessary or appropriate; and

(iii) a non-refundable application fee in the amount specified by the Board.

(b) Applications deemed incomplete by the Cocoa and Coffee Warehouse and License Committee shall be kept on file for two (2) months from the date the Vice President-Commodity Operations notifies an applicant of the defect; if the defect is not remedied within such time, the application shall be deemed withdrawn and an applicant must submit a new application for a license.

Rule 7.11. Appearance of Applicant, Failure to Appear

(a) Each applicant is required to appear personally or by an officer or general partner before the Cocoa and Coffee Warehouse and License Committee at such time and place as the Committee may prescribe by written notice to the applicant.

(b) The Cocoa and Coffee Warehouse and License Committee may, in its sole and absolute discretion, waive the appearance requirement. Failure to appear, unless waived by the Committee, shall be deemed a withdrawal by the applicant of his application.

Rule 7.12. Review of Application

The Cocoa and Coffee Warehouse and License Committee may direct an applicant to supplement, or the Exchange staff to investigate, any information supplied by the applicant as the Committee believes appropriate.

Rule 7.13. Granting of License; Denial; Licensed Stores

(a) The Cocoa and Coffee Warehouse and License Committee shall, when it deems an application to be complete, consider each application and recommend to the Board approval or disapproval of such application.

(b) Any applicant whose application is rejected by the Board shall not be allowed to reapply for one (1) year from the date of rejection.

(c) The Cocoa and Coffee Warehouse and License Committee may from time to time, without any action by the Board, license additional stores which meet the then current suitability standards or revoke the license of stores which have been formerly licensed but which no longer meet such standards.

Rule 7.14. Conditions for Denial

The Board may, in its sole and absolute discretion, deny a license to any applicant who:

(a) does not meet any of the applicable qualifications for a license, or does not follow the procedures for application set forth in these Rules;

(b) fails to provide, in the application and supporting documents, evidence of sufficient knowledge, training or experience;

(c) has been convicted, found guilty, confessed to being guilty, entered a plea of guilty or *nolo contendere* to any felony or misdemeanor charging misrepresentation, fraud, deceit, theft, embezzlement, gambling, conversion, abuse of a fiduciary relationship or other such act;

(d) has ever been denied a license of any type by any exchange; withdrawn any application for a license from any exchange; had a license which was suspended or canceled or which was subject to any bar, fine, or censure; been subject to the issuance of a cease and desist order, temporary or permanent injunction, or any other sanction or discipline through an adverse determination, voluntary settlement or otherwise, by any commodity exchange, related clearing organization, registered futures association, any self-regulatory organization or other business or professional association, the CFTC or the Securities and Exchange Commission or equivalent authority of any state, territory, the District of Columbia or foreign country, any federal court, state court, or regulatory agency not mentioned above or quasi-governmental body;

(e) is subject to any material unsatisfied liens or judgments;

(f) has made any false statement in or in connection with any application filed with the Exchange;

(g) is barred by any agency of the United States from contracting with the United States; or

(h) fails to meet such other qualifications as the Board may from time to time determine are in the best interests of the Exchange.

Rule 7.15. Fees

(a) Every individual or Firm licensed hereunder shall pay to the Exchange such annual license fees as may from time to time be established by the Board.

(b) Unless otherwise provided by the Rules, all license fees established by the Board shall be charged on an annual basis and shall be due and payable on April 2nd of each year or such other date as the Board may determine, and are payable by the licensee in whose name a license is registered on that date. Fees unpaid ten (10) days after such fees are due shall be reported to the Cocoa and Coffee Warehouse and License Committee for its action.

Rule 7.16. Term of License; Renewals

(a) Unless otherwise provided by the Board, each license granted or renewed, including without limitation the license of any Licensed Stores, shall be valid until the thirtieth day of April occurring next following the effective date of the granting or renewal of the license.

(b) At least sixty (60) days before the expiration of the license term, all Licensees must submit to the Exchange written notification of intent to renew, accompanied by the appropriate license fee; provided, however, that:

(i) coffee graders must also include in their renewal submission a statement that:

(1) during the course of the past five (5) years, they have passed either the original grading test or the maintenance grading test as authorized by the Cocoa and Coffee Warehouse and License Committee; and

(2) during the course of the past two (2) years, they have attended a seminar on latest developments in the coffee industry as authorized by the Cocoa and Coffee Warehouse and License Committee; and

(ii) cocoa graders must also include in their renewal submission a statement that:

(1) during the course of the past two (2) years, they have graded cocoa a minimum of one (1) time.

(c) The Board may, in its sole and absolute discretion, upon receipt by the Exchange of the Licensee's written notification of intent to renew, extend the license term of such licensee.

(d) The Board may, in its sole and absolute discretion, extend for the ensuing fiscal year, or any part thereof, any license for which a notice of intention to renew has not been submitted.

(e) To obtain renewal of a warehouse license for one (1) or more stores, the warehouse operator of such store(s) must submit to the Vice President-Commodity Operations, in addition to written notification of its intent to renew, proof in a form, acceptable to the Cocoa and Coffee Warehouse and License Committee of extension of the minimum coverages required by Rule 7.05 and, with respect to a renewal of a warehouse license to store Exchange cocoa, a valid CMA Warehouse Compliance Certificate.

(f) To obtain a renewal of a master sampler or weighmaster license, the master sampler or weighmaster must include in the renewal submission a statement that said Licensee has executed a User Agreement with the Exchange and thereby has access to and is able to use COPS.

Rule 7.17. Responsibility for Employees

All Licensees shall be responsible for the acts of their employees.

Rule 7.18. Record Keeping

(a) Each Licensee of the Exchange shall make and file reports with the Vice President-Commodity Operations, and maintain such records for such length of time, in such manner and form, as the Rules or the Board may prescribe. All licenses shall allow the Exchange staff to inspect such reports and records and permit such visitation of its Licensed Stores and offices as the Rules or the Board may require.

(b) A warehouse operator shall be required to make such reports, keep such records and permit such visitations of its Licensed Stores and offices as the CFTC may require. Unless otherwise specified in the Rules, such books and records shall be required to be kept for a period of five (5) years, or for a longer period if the CFTC shall so direct, and such books, records and Licensed Stores and offices shall be open at all times to inspection by any representative of the CFTC or the United States Department of Justice.

Rule 7.19. Duty to Notify

All Licensees shall immediately notify the Vice President-Commodity Operations in writing of the occurrence of any of the following events:

(a) acquisition of a license issued by any other commodity exchange;

(b) any material and adverse change in financial condition or of an emergency event or a financial emergency (as those terms are defined in Chapter 21 of the Rules);

(c) if a Licensee is a Firm, any change in the ownership of or controlling interest in the Firm if it is a corporation, limited liability company or sole proprietorship and, if a Licensee is a partnership, any change in the identity of the general partners;

(d) any conviction, finding of guilt, confession of guilt, plea of guilty, or plea of *nolo contendere* to a felony or misdemeanor charging misrepresentation, fraud, deceit, theft, embezzlement, gambling, conversion, abuse of a fiduciary relationship or other such act on the part of the Licensee;

(e) any refusal to be granted a license of any type by any commodity exchange; withdrawal of any application for a license from any commodity exchange; suspension, or cancellation of a license or the issuance of any bar, fine, or censure against such Licensee by any commodity exchange; issuance of a cease and desist order, temporary or permanent injunction, or any other sanction or discipline through an adverse determination, voluntary settlement or otherwise, by any commodity exchange, related clearing organization, registered futures association, self-regulatory organization or other business or professional association, the CFTC or, the Securities and Exchange Commission or equivalent authority of any state,

territory, the District of Columbia or foreign country, any federal court, state court, regulatory agency not mentioned above or quasi-governmental body;

(f) becoming subject to any material unsatisfied liens or judgments;

(g) the discovery of any false statement made in or in connection with any application filed with the Exchange;

(h) the issuance of a bar by any agency of the United States from contracting with the United States;

(i) failure or inability to meet continuously the criteria for eligibility for a license, including without limitation the eligibility of any Licensed Store operated by a licensed warehouse operator, or such other qualifications as the Board may from time to time determine are in the best interests of the Exchange;

(j) failure to meet the requirements prescribed in the Rules or specified by the Board or the Cocoa and Coffee Warehouse and License Committee from time to time; and

(k) the inability to function as a Licensee, or the inability of a Licensed Store to be used as such, due to a physical emergency such as damage to or destruction of business facilities, strike or other labor dispute, or other similar events.

Rule 7.20. Suspension and Cancellation

(a)(i) The Board or the Cocoa and Coffee Warehouse and License Committee may, in its sole and absolute discretion, with or without cause, suspend or cancel at any time any license granted or renewed, including without limitation any license issued to a Licensed Store pursuant to the Rules.

(ii) The Board may, in its sole and absolute discretion, with or without cause, suspend or cancel at any time any Warehouse Operator's license issued pursuant to the Rules.

(iii) The Cocoa and Coffee Warehouse and License Committee shall cancel a coffee grader's or classifier's license in the event that such grader or classifier fails to pass the maintenance grading test prescribed in subparagraph (c)(i) of Rule 7.06 or fails to comply with the requirements set forth in subparagraphs (c)(ii) and (iii) of Rule 7.06.

(iv) The Cocoa and Coffee Warehouse and License Committee shall cancel a cocoa grader's Exchange license in the event that such grader fails to grade cocoa a minimum of one (1) time every two (2) years as set forth in paragraph (d) of Rule 7.06.

(b) Prior to the Cocoa and Coffee Warehouse and License Committee or the Board suspending or canceling any license issued pursuant to this Rule, the Licensee shall be given notice of the intention to suspend or cancel and an opportunity to be heard by the Cocoa and Coffee Warehouse and License Committee or the Board (or a Special Committee as may be appointed for such purpose by the Board), as the case may be, to present evidence as to why the license should not be suspended or canceled, provided that the Vice President-Commodity Operations receives a written request from the Licensee for such a hearing within two (2) Business Days after receipt of such notice by the Licensee.

(c) The effective date of any suspension or cancellation shall be set by the Board, a Special Committee appointed by the Board, or the Cocoa and Coffee Warehouse and License Committee as the case may be.

Rule 7.21. Voluntary Cancellation

(a) Any license issued under the Rules may be canceled by the party holding the license at any time.

(b) Cancellation shall be effected by a notice, in writing, stating the intention to cancel and the proposed effective date of cancellation. Except in the case of the cancellation of a warehouse operators license or the license of a Licensed Store, the date of cancellation may be no sooner than thirty (30) days

from the date of the receipt by the Vice President-Commodity Operations of the written notice of cancellation, unless otherwise specifically agreed to by the Board.

(c) The effective date of the cancellation of a warehouse operators license or the license of a Licensed store, shall be determined by the Board or the Cocoa and Coffee Warehouse and License Committee, as the case may be. On the effective date of any such cancellation all certified coffee and/or cocoa in such licensed store will automatically lose its certification.

Rule 7.22. Compliance with Rules

Each Licensee shall be obligated to act at all times in accordance with the Rules, adopted by the Board from time to time, governing procedures for the storage, sampling, grading, classifying, weighing, and testing of Commodities.

Rule 7.23. Effect of Expiration, Suspension, or Cancellation of the License of a Licensed Store

(a) In the event a warehouse operator's license terminates, expires, is suspended, or canceled, the license of the stores operated by such warehouse operator shall also terminate, expire, be suspended or canceled, as the case may be.

(b) Unless the Board otherwise determines, if the license of a Licensed Store expires or is suspended or canceled for any reason, any coffee stored in such Licensed Store shall continue to be certified, provided such coffee is moved to a Licensed Store in accordance with Rule 8.10 within sixty (60) days of such expiration, suspension or cancellation.

(c) The Board or the Cocoa and Coffee Warehouse and License Committee may impose such other and further restrictions in connection with any such expiration, suspension, or cancellation as it may deem necessary and appropriate.

Rule 7.24. Power to Compel Testimony

The Cocoa and Coffee Warehouse and License Committee shall have the power to summon any Licensee and any of their employees to give testimony under oath by appearance before it, by telephone communication or by affidavit by a partner, officer, or responsible employee fully acquainted with the relevant facts, and to produce any documents, books, or records. If any Licensee or any of their employees fail to obey any such summons or to give any such testimony or to produce any such documents, books, or records, such failure shall constitute a violation by such Licensee of his or its duties under the Rules.

Rule 7.25. Expenses of Lawsuits Brought Against the Exchange by Licensees

Any Licensee who institutes a lawsuit or other similar proceeding against the Exchange, or any of its officers, committee members, agents or employees in any court of law or otherwise and who fails to prevail in such lawsuit or proceeding shall pay to the Exchange any and all reasonable expenses and disbursements, including reasonable attorney's fees and any statutory costs, incurred by the Exchange in the defense of such lawsuit or proceeding.

Cotton

Rule 7.40. Scope of Sub-Chapter

The rules of this Sub-Chapter govern the licensing of individuals and Firms engaged in the storage and handling of cotton for deliveries pursuant to the Exchange's Cotton No. 2 Futures Contract.

Rule 7.41. Inspection Duties

The Exchange or its designated agent at a point of delivery shall have entire charge and supervision over the inspection, weighing and sampling of cotton submitted for certification and over certificated cotton in store.

Rule 7.42. Licenses

(a) Warehousemen engaged in the handling of cotton submitted for certification or already certificated for delivery on the Exchange's Cotton No. 2 Futures Contract shall be licensed by the Board of Governors.

(b) All warehouse licenses shall expire on July 31st of each year and be renewed only as originally granted.

(c) Warehouses at designated delivery points may be licensed for the storage of cotton, upon the recommendation of the Cotton Warehouse and Delivery Committee, and with the approval of the Board of Governors. Warehousemen shall be subject to all Rules concerning matters relating to their business under such licenses.

(d) Licensed warehouses shall give such bonds to the Exchange as may be required by the Rules.

(e) Any warehouse license issued under the Rules may be cancelled at any time by the Board. A written notice of intention to cancel a warehouse license shall be served upon the warehouseman at least thirty (30) days before the date therein specified as the date of cancellation. A warehouse license may be cancelled by the Exchange at the written request of the warehouseman made at least thirty (30) days prior to the proposed effective date of cancellation. Such cancellation, however, shall be contingent upon the following conditions and provisions:

(i) If the warehouse does not have a certificated stock, the cancellation shall be complete in all respects; or

(ii) If the warehouse has certificated cotton on hand:

(A) the cancellation of the license shall apply to the receiving of any new cotton for certification; with respect to the certificated cotton on storage, and until it is shipped out or decertificated, the license shall be limited to the provisions which apply to the storage and handling of such cotton and the warehouseman shall continue to abide by those provisions;

(B) the cancellation shall be complete; provided the warehouseman shall bear the expense of transferring the certificated cotton to another licensed warehouse at the point of delivery.

(f) All licensed warehouses are required to load-out cotton within nine (9) weeks from the date of receipt of a valid load-out order. A load-out order will only be considered valid for the purposes of this rule when an EWR Decertification record has been transmitted to the warehouse and the Exchange, accompanied by instructions for prompt shipment. The penalty for non-compliance with this Rule shall be either reduction of the licensed capacity or revocation of the warehouse's license as a certificated facility, as may be determined by the Cotton Warehouse and Delivery Committee.

Rule 7.43. Inspection and Sampling

The inspection and sampling of cotton offered for inspection shall be subject to and done in accordance with the Rules and the regulations promulgated by the Secretary of Agriculture in force at the time of such inspection and sampling.

Rule 7.44. Request for Inspection/Certification

(a) Request for the inspection of cotton shall be given to the Exchange in a form prescribed by the Exchange stating the approximate number of bales, mark, point of shipment, owner of the cotton and the place where such inspection is desired, which place shall be a licensed warehouse.

(b) The cotton shall be carefully examined and, if found to be sound and merchantable, shall be eligible for certification. Bales covered with sisal bagging shall be considered unmerchantable. Where, in the opinion of the Exchange or its designated agent, cotton contains moisture to an extent making it possible that damage might result from its being stored, the Exchange or its designated agent may defer the completion of the inspection of such cotton until it is in proper condition.

(c) The sampling and weighing shall be done by the licensed warehouse.

(d) There shall be no interference by word or deed, directly or indirectly, with the inspection of cotton. In case of such interference, the inspection of the cotton shall be stopped at once, and the person requesting the inspection shall pay the necessary expenses incurred.

Rule 7.45. Weighing

(a) All cotton submitted for inspection shall be tagged with a triplicate numbered tag and weighed by a duly licensed state or federal weigher or their designee.

(b) Loose cotton taken from the bales in process of inspection shall not be weighed with the bale; such loose cotton, as well as the trimmings accumulated in the preparation of the samples, shall be the property of the owner ordering the inspection. Upon completion of the sampling and weighing, the weight of such loose cotton shall be ascertained by the weigher, and be noted by him in his report.

(c) The licensed warehouseman shall input onto the EWR, the official weight ascertained by the weigher, i.e., the gross weight (scale weight), actual tare weight (weight of bagging and ties, and patches, if any), and the net weight. (See Rules 10.20(a) and 10.34).

Rule 7.46. Samples

(a) Two sets of samples shall be drawn in accordance with the Rules and the Secretary of Agriculture.

(b) The duplicate samples shall be the property of the holder of the EWR. The original samples of all bales submitted to a Board of Cotton Examiners for certification become the property of the United States Department of Agriculture.

(c) The weight of each duplicate sample shall be not less than four (4) ounces. The delivery of duplicate samples shall be made in accordance with Rule 10.32.

(d) Samples of cotton drawn under the provisions of Rule 7.41 shall not be arbitrated upon under the Rules, or in any way recognized by any Exchange officer or committee, unless the said samples shall have been drawn by a sampler authorized to perform such duties under the Rules.

Rule 7.47. Warehouses

(a) Inspected cotton shall be stored only in warehouses licensed by the Exchange and may be transferred from one (1) warehouse to another. Such transfer shall be made only with the approval of the Exchange and under its supervision. Cotton so transferred shall be reweighed and the reweight and the date thereof input onto the new EWR.

(b) The cotton tendered against an Exchange Futures Contract shall be stored in one (1) warehouse which shall be understood to mean a single warehouse or building or a number of buildings grouped with the approval of the Exchange, comprising one (1) warehouse system under one (1) name, managed and operated by one Firm, corporation or warehouseman. Warehouses so grouped shall be required to

equalize the cost of transportation to and from each such warehouse with the respective costs of transportation to and from the main plant.

(c) Licensed warehouses shall be required to have operational rail sidings or, in the absence of such, must agree at the option of a Receiver in a delivery to move cotton in a delivery to the nearest operational rail siding at the warehouse's expense, and they must be in compliance with all federal, state, and city requirements which govern the operations of a cotton warehouse.

Rule 7.48. Warehouse Receipts

(a)(1) Anything in the Rules to the contrary notwithstanding, the term cotton warehouse receipt as used in the Rules shall mean an electronic warehouse receipt ("EWR"), except as provided by Rules 5.03 or 6.45 or as otherwise specified by the Board from time to time. Other instruments may only be used pursuant to a resolution specifically adopted by the Board of Governors for that purpose. All references to time shall refer to New York time.

(2) All Members must execute provider agreements with the EWR provider.

(b) After cotton has been inspected, sampled, weighed and classed, as provided for in these Rules, an EWR shall be promptly issued for each bale. The receipt number and the number of the bale that it represents shall correspond and no two (2) outstanding receipts of the same warehouse shall bear the same number.

(c) Where an EWR is issued valid for one (1) year, its life shall be extended and such extension noted thereon, simultaneously with the periodical payment of storage as provided for in Rule 10.23(c) and (d).

(d) The licensed warehouse shall input onto each EWR all information required by the Exchange and shall certify thereto.

(e) The EWR provider shall not be liable for any Claim, loss, expense (including attorney's fees) or other liability (collectively a "Loss") incurred by a Member that arises out of, or relates to, the EWR provider's performance of administrative services related to determining the Year of Growth of any bales of cotton as to which certification is sought, except for any Loss caused by the gross negligence or willful misconduct of the EWR provider in connection therewith.

(f) No warehouse shall claim a lien against a bale of certified cotton for unpaid charges or expenses due on other cotton or like goods as defined by the Uniform Commercial Code. Each EWR shall only contain liens representing the particular bale of certificated cotton represented thereon.

Rule 7.49. Damage Notification

(a) In the event of damage occurring in a licensed warehouse, the Exchange's designated agent shall forward to the Cotton Warehouse and Delivery Committee, for immediate posting on the web site of the Exchange, a list of the tag numbers of all certificated bales in the compartment or compartments wherein the damage occurs. Such bales shall not be deliverable on contract until they have been examined and declared tenderable by the Exchange or its designated agent. The result of such examination shall be posted on the web site of the Exchange.

(b) Bales found to be free of damage shall be declared tenderable. Bales found to have been on fire shall be declared untenderable. Bales subjected to any other kind of damage shall be declared tenderable only after they have been put in merchantable condition, reweighed, and accepted by the Exchange or its designated agent.

(c) The owner or owners at the time the damage occurs shall bear all expenses incurred.

(d) The decision of the Exchange in all cases that may arise in respect to handling and determining the condition of the cotton under this Rule shall be final.

Rule 7.50. Charges for Inspection and Supervision

(a) The charges for inspection and supervision services shall be established by the Board of Governors.

(b) The Exchange or its designated agent shall render bills to the person requesting the aforementioned service or services. Any failure to pay the amount billed shall be reported to the Cotton Warehouse and Delivery Committee.

Rule 7.51. Arbitration

Any controversy between a Member and a warehouseman or facility licensed by the Exchange shall be settled by Exchange arbitration, if either party so elects. For the purpose of this paragraph, a controversy shall include any Claim, grievance, or dispute relating to the warehousing of cotton by a warehouseman.

FCOJ

⇒ *Trading on FCOJ-A and FCOJ-B commenced on February 20, 2004 with the listing of the May 2005 delivery month.*

⇒ *FCOJ-1 will no longer be listed for trading on the Exchange with the expiration of the March 2005 delivery month.*

Rule 7.60. Scope of Sub-Chapter

The Rules of this Sub-Chapter govern the licensing of individuals and Firms engaged in the storage and handling of frozen concentrated orange juice (“FCOJ”) for deliveries pursuant to the Exchange’s FCOJ Futures Contracts.

Rule 7.61. Licensed Facilities For FCOJ

A warehouse facility and tank facility may be licensed for the storage, handling and delivery of FCOJ upon the filing of an application thereof, approved by the FCOJ Warehouse and Delivery Committee and the Board of Governors.

A license so granted shall be subject to such terms and conditions as are approved by the Board of Governors.

Rule 7.62. Licensing of Facilities For Storage and Delivery of FCOJ

(a) Definitions

The following words, when used in these Rules, shall have the meanings set forth below:

1. *Warehouse facility*: A warehouse having facilities for the storage and delivery of FCOJ in drums.
2. *Tank facility*: A facility which has the capacity and equipment for the storage and delivery of FCOJ by tank and the demonstrated ability to make daily tank deliveries equivalent to at least eight (8) FCOJ Futures Contracts. For purposes of this Rule, the term “Daily Tank Deliveries” means tank deliveries in the appropriate volume during regular business hours on any day that the Exchange is open for business.
3. *Facility*: A warehouse facility or tank facility which may be a single facility.
4. *Facility operator*: One who operates a facility.
5. *Facility owner*: One who owns a facility.

6. *Exchange FCOJ*: FCOJ with respect to which all conditions for delivery have been complied.

7. *Shipping certificates*: A negotiable certificate issued pursuant to Rule 7.76 by a tank facility for Exchange FCOJ stored in its tank. All shipping certificates must be registered with the Exchange. To effect such registration, the shipping certificate must be presented by the tank facility to a designated Exchange employee for numbering. Such employee will also review the shipping certificate to confirm that the tank facility has satisfied all financial requirements with a bond or letter of credit acceptable to the Exchange.

(b) *Licensing*

A facility may be licensed for the storage, handling and delivery of FCOJ which meets the specifications for delivery in accordance with the Rules and possesses the qualifications set forth therein.

Rule 7.63. Qualifications

(a) *Capacity and Equipment*

The facility must have the capacity, equipment and ability to store, handle and deliver FCOJ under contracts made on the Exchange.

(b) *Examination*

The physical property of the facility shall be subject to examination by the Exchange.

(c) *Safety*

The facility shall be properly safeguarded and protected or equipped with alarm service.

(d) *USDA Inspection*

(1) The facility shall be equipped to handle FCOJ under continuous inspection of the United States Department of Agriculture (USDA). Inspections will be provided without any undue delay.

(2) In the conduct of continuous inspection, the USDA may conduct such tests, as they deem necessary, to provide assurance that the FCOJ meets the requirements set forth in Rule 13.02 for FCOJ-1, FCOJ-A and FCOJ-B. The FCOJ-A includes the origin designation of "Florida", "Brazil" or "Florida/Brazil" in the following manner:

(A) Tank delivery. On the day of physical delivery of FCOJ by tank delivery, the USDA shall issue a USDA Certificate to the Receiver.

(B) Drum Delivery. The USDA shall issue a USDA Certificate to Deliverer upon inspection and packaging of the drums.

(3) USDA inspectors will be permitted full access to select sample units of product represented by warehouse receipts or shipping certificates issued by the facility operator.

(4) Additionally, the USDA shall provide assurance to the Exchange that uniformity of grading is being conducted in all facilities. The Exchange will request that USDA conduct grade reviews to provide such assurance in a manner substantially similar to the following procedures:

(A) Grade reviews will be performed in the USDA, Agricultural Marketing Service, Fruit and Vegetable Division, Processed Products Branch area field office in Winter Haven, Florida.

(B) All product delivered will be reviewed unless otherwise specified by the Board.

(C) Sample units of product will be submitted to the review office in such a manner that origin and facility are not known to the review office.

(5) The correlation between grade reviews and the results recorded for earlier inspections and samplings at a facility shall at all times be satisfactory to the Exchange.

(6) The facility operator as a condition of licensing, agrees to be bound by the results of the grade reviews performed by the USDA as described in subsection (d)(4) of this Rule. A non-operating owner, as set forth in Rule 7.64(u) shall be bound as well.

(7) All charges imposed by the USDA for inspections and grade reviews shall be paid by the facility operator or owner.

(8) Members and Member Firms shall also be bound by the results of such grade reviews.

(e) Tariffs

Tariffs charged by the facility operator shall be satisfactory to the Exchange.

(f) Financial Condition

(1) The financial condition of a facility operator shall at all times be satisfactory to the Exchange.

(2) A facility operator shall have and shall continue to maintain:

(A) a working capital of \$2,000,000; or

(B) A letter of credit in the amount of \$1,000,000, which letter of credit shall meet the requirements of Rule 7.64(e) and shall be in addition to any letter of credit maintained pursuant to Rule 7.64(e).

(3) For the purpose of this Rule, the term “Working Capital” means the excess of current assets over current liabilities.

Rule 7.64. Agreements by Facility Operator and Owner

(a) Compliance with Rules

The operator and owner of the facility shall abide by and comply with the Rules applicable to the storage, handling, inspection and delivery of Exchange FCOJ, and amendments thereto.

(b) Warehouse Receipts and Shipping Certificates

(i) The operator of a warehouse facility shall issue a negotiable warehouse receipt for Exchange FCOJ stored by it in drums in the form approved by the Exchange.

(ii) The operator of a tank facility shall issue a negotiable shipping certificate for Exchange FCOJ stored by it in tanks in the form approved by the Exchange.

(c) Property Insurance

(i) The operator of a tank facility shall:

(A) insure the FCOJ stored by it for the benefit of the holder of a shipping certificate issued by it against the perils covered in an All-Risk policy for the full value thereof and shall furnish evidence thereof to the Exchange and upon request, to any holder of a certificate issued by it;

(B) assure that All-Risk policies will be in effect at each tank facility for which it is licensed and that such policies shall continue in full force and effect with respect to the interests of the holders of shipping certificates for the term of each such policy and shall be renewed or replaced for such period that any of said shipping certificates are outstanding;

(C) assure that the amount of insurance coverage provided in each such policy will at all times be in an amount adequate to fully cover the interests of the holders of shipping certificates, either by maintaining overall limits adequate to cover all insured property at each tank facility, or by

providing a specific separate policy limit with respect to the interests of holders of shipping certificates which limit is sufficient to fully cover such interests;

(D) assure that in the event that any loss or damage sustained by a holder of a shipping certificate is not payable, or is not payable in full, by the insurer, by reason of any deductible set forth in any such policy, or otherwise, the facility operator will promptly pay such amount.

(ii) The operator of a warehouse facility shall not be required to insure the FCOJ stored in drums for which a warehouse receipt has been issued but shall furnish to the depositor of said FCOJ the insurance rate applicable to the warehouse, and changes in such rate, to enable the holder of the warehouse receipt to insure such property and to seek renewal of such insurance for his own account. The parties may make such other arrangements respecting insurance as may be agreeable to them. If the warehouse consists of more than one section, the insurance rate applicable to each section should be supplied.

(d) *Liability Insurance*

The owner or operator of a licensed facility shall carry legal liability and/or fidelity insurance in such form and in such amount as shall be approved by the Exchange.

(e) *Performance Bond: Letter of Credit. Limitation of Issuance of Warehouse Receipts and Shipping Certificates*

(1) The owner or operator of a licensed facility shall maintain:

(A) a performance bond with a principal amount of \$1,000,000; or

(B) a letter of credit in the amount of \$1,000,000.

(2) (A) The owner or operator of a licensed facility who maintains a minimum performance bond or letter of credit shall be entitled to issue and have outstanding one hundred certificates and/or receipts.

(B) If the owner or operator of a licensed facility intends to increase the number of issued and outstanding shipping certificates/receipts, he shall be required to increase his performance bond or letter of credit in accordance with the schedule approved by the Board of Directors.

(3) Performance bonds shall be in such form as shall be approved by the Exchange and shall be issued by sureties satisfactory to the Exchange.

(4) Letters of credit shall be in such form as shall be approved by the Exchange, shall be in favor of the Exchange, and shall be issued by a bank or financial institution satisfactory to the Exchange. Such letters of credit shall be unconditional and irrevocable and shall be available to be drawn upon by the Exchange by clean sight drafts.

(The Chart below sets forth the Revised Schedule for Shipping Certificates/Warehouse Receipts)

**EXCHANGE SCHEDULE FOR ISSUANCE OF
SHIPPING CERTIFICATES/WAREHOUSE
RECEIPTS***

<i>AMOUNT OF BONDS/ L.O.C.'S</i>	<i>ALLOWABLE # OF SHIPPING CERTIFICATES/ WAREHOUSE RECEIPTS**</i>	<i>\$ COVERAGE PER CONTRACT (IN THOUSANDS)</i>
\$ 1,000,000 (minimum)	100	\$10,000
\$ 2,050,000	101-200	\$10,250
\$ 3,100,000	201-300	\$10,333.33
\$ 4,150,000	301-400	\$10,375.00
\$ 5,200,000	401-500	\$10,400.00
\$ 6,250,000	501-600	\$10,416.67
\$ 7,300,000	601-700	\$10,428.57

* Chart subject to change by approval of the Board of Governors

** Certificates/Receipts issued in excess of 100, require performance bond or letter of credit coverage to be obtained at a level of \$.70 per pound of solids.

(6) The owner or operator of a licensed facility may reduce the amount of the required performance bond when the number of issued and outstanding shipping certificates/receipts have been canceled; provided, however, the reduction does not occur until either thirty (30) days from load-out have elapsed or final decisions regarding claims against the owner or operator of the licensed facility with respect to such shipping certificates/receipts have been issued and the performance bond does not fall below the required minimum amount as stated in subparagraph (e)(1)(A) of this Rule.

(f) Tariffs

(1) The operator of a licensed facility shall submit to the Exchange in detail its tariff showing its charges for storage, handling, authorized interest and insurance premiums, where applicable, and other charges payable to it (hereinafter “storage charges”) at the time it applies for a license from the Exchange which tariff shall be published and not increased without ninety (90) days written prior notice to the Exchange; provided, however, that storage charges shall be calculated at a minimum Brix value of not less than 62.5 degrees.

Storage charges filed and effective under this Rule are due and payable in advance on the first day of the month and, if not paid by 2:00 p.m. on the last Business Day of the month, are subject to authorized interest for the entire month.

Authorized interest, if filed and effective under the Rule, shall mean interest up to the maximum rate of interest allowed by applicable law. The charging of such interest by a licensed facility is a representation by it that such charge and such rate do not violate applicable law.

(2) For purposes of this Rule, the ninety (90) day period shall be deemed to begin on the date that the Vice President of Commodity Operations receives the written tariff increase request.

(3) Thereafter, the Exchange shall cause the written tariff increase request to be:

- (A) delivered promptly to each member of the Board of Citrus Advisors; and
- (B) posted on the Exchange Website.

(4) Any such tariff increase request shall be considered by the Board of Citrus Advisors during the ninety (90) day period if any member thereof so requests.

(5) All such written tariff increase requests shall become effective from and after the ninetieth (90th) day after receipt unless:

(A) such request has been considered by the Board of Citrus Advisors during that period in the manner set forth in subparagraph (f)(4) of this Rule; and

(B) a majority of the whole Board of Citrus Advisors finds such tariff increase unsatisfactory.

In the latter event, notice of the determination that a proposed tariff increase is unsatisfactory shall be given to the Person who requested the tariff increase, posted on the Exchange's Website and filed with the CFTC pursuant to its Regulations.

(g) Financial Condition

The facility operator shall furnish to the Exchange its financial statement as of the end of its last fiscal period certified by an independent public accountant and, further, shall furnish to the Exchange within four (4) months after the end of each subsequent fiscal period a similar certified financial statement. The facility operator shall also furnish to the Exchange within thirty (30) days after request therefor such additional financial information as the Exchange may request from time to time.

(h) Exchange Surveillance

The Exchange shall have the authority but not the obligation:

(i) to observe and inspect the weighing, sampling and other handling of Exchange FCOJ, and

(ii) to count and inspect Exchange FCOJ for comparison with outstanding warehouse receipts and shipping certificates for Exchange FCOJ.

(i) Handling FCOJ

Exchange FCOJ in drums shall not be handled or sampled by, or at the request of, its owner without the surrender of the warehouse receipt. Any such handling without compliance with the foregoing shall immediately be reported to the Exchange by the warehouse facility.

(j) Records

(i) The operator of a warehouse facility shall keep a record of the exact date when Exchange FCOJ was placed in storage, the amount stored, the location where stored and the warehouse receipts issued therefor and such information shall be recorded on the warehouse receipt when issued.

(ii) The operator of a tank facility shall keep a record of the amount of Exchange FCOJ stored in tanks for which shipping certificates have been issued.

(k) Discrimination

The facility operator shall not charge discriminatory rates for any of its services in storing or handling Exchange FCOJ nor give any rebate of its charges for such services.

(l) Inspection of Records

All records of a licensed facility pertaining to the storage, handling and inspection of Exchange FCOJ shall be open for inspection by representatives of the Exchange and, at the request of the Exchange, the facility operator shall promptly furnish to the Exchange a statement of stocks, receipts, and deliveries of Exchange FCOJ, the amount of FCOJ for which shipping certificates are outstanding and such other information relating to the foregoing as the Exchange may require.

(m) *Delivery of FCOJ*

Upon the payment or tender of the storage and other charges due to the facility on the FCOJ covered by a warehouse receipt or shipping certificate and the surrender of the warehouse receipt or shipping certificate, the facility operator shall promptly make available to the holder of the warehouse receipt or shipping certificate at the unloading platform or exit door of the facility all FCOJ covered by the warehouse receipt or shipping certificate.

(n) *Selection of Samples for Inspection*

The United States Department of Agriculture inspectors shall be permitted to select their own samples in inspecting FCOJ represented by warehouse receipts or shipping certificates issued by the facility operator.

(o) *Notification of Damage*

The facility operator shall notify the Exchange immediately by telephone or telegram of any Exchange FCOJ suffering any kind of damage.

(p) *Temperature*

The facility operator shall maintain in all tank storage areas where Exchange FCOJ is kept a constant temperature of not more than 30° Fahrenheit; provided, however, that (1) tank deliveries, in accordance with shipping certificates, shall be made at a maximum of 20° Fahrenheit, and (2) storage areas where Exchange FCOJ is kept in drums be maintained at 20° Fahrenheit or less.

(q) *Change in Ownership; Financial Impairment*

The facility operator agrees to notify the Exchange promptly in writing of any contemplated change in ownership of the facility or in the identity of the operator thereof as far as possible in advance of any such change and to notify the Exchange in writing without delay in the event of any impairment of capital or of any other change which would be likely to lower the qualifications of the facility for the continuation of its status as a licensed facility.

(r) *Reports of Irregularities*

The facility operator shall report to the Exchange in writing any irregularity or fraud, or neglect or infraction of the Rules by any Member, or any Licensee, that may come to its knowledge, and shall appear before the Exchange, upon request, to give testimony concerning any such irregularity, fraud, neglect or infraction.

(s) *Reports, etc. to Government Agencies*

The facility shall make such reports, keep such records and permit such visitations as the Secretary of Agriculture or the CFTC may prescribe, and shall comply with all applicable Rules and Regulations and orders promulgated by the Secretary of Agriculture and the CFTC. The facility and the aforesaid books and records shall be open at all times to inspection by any representatives of the Secretary of Agriculture, the CFTC, the United States Department of Justice and the Exchange.

(t) *Alternate Compliance*

(i) In the event that the Exchange licensed facility operator is not also the owner of the facility, the Licensee may notify the Exchange that in fulfilling its insurance and financial requirement standards under these Rules it is relying on an unlimited guarantee in a form satisfactory to the Exchange from the owner of the facility and/or insurance purchased by the owner of the facility; provided, however, that nothing in this alternative compliance arrangement shall be deemed to lessen the duties of a Licensee under the Rules.

(ii) Any licensed facility in meeting these Working Capital, net worth and letter of credit (but not performance bond) requirements may provide substituted compliance by an affiliate of the licensed facility provided that such affiliate executes and delivers an unconditional guarantee in such form and with such safeguards as are satisfactory to the FCOJ Warehouse and Delivery Committee.

(u) Non-Operating Owners

To the extent that the facility operator licensed by the Exchange is a Person other than the owner of the facility, the Exchange, and parties claiming under the Rules of the Exchange, shall look first to the operator to perform his duties under the Rules. In the event that the operator fails to perform those duties, then the owner of the facility shall assume responsibility for assuring that such duties are performed.

Rule 7.65. Term of License

The license of a facility operator shall continue in effect until cancelled by the Exchange or by the facility operator on ninety (90) days written notice of the Exchange pursuant to Rule 7.66.

Rule 7.66. Cancellation of License

(a) The Exchange may cancel the license of the facility operator on written notice, effective on any date specified by the Exchange, for violation by the facility operator of any Rule, for any misrepresentation or misstatement in its application for a license, for any impairment of its financial condition in the opinion of the Exchange, or for any other reason which, in the opinion of the Exchange, would make such cancellation advisable.

(b) In the event a license is cancelled by reason of a notice from the facility operator, the effective date of the cancellation shall be fixed by the Exchange at any time within ninety (90) days from the date of the written notice of cancellation by the facility operator.

(c) In the event of the cancellation of a license by the operator of a warehouse facility or by the Exchange, the facility operator shall arrange to transfer the FCOJ in drums represented by its warehouse receipts to another licensed warehouse facility which shall issue its own warehouse receipts and the facility operator transferring FCOJ in drums shall pay all charges which may be incurred in said transfer.

(d) In the event of a cancellation of a license by the operator of a tank facility, or by the Exchange, the facility operator shall arrange to transfer the FCOJ in tanks represented by its shipping certificates to another licensed tank facility which shall issue its own shipping certificates and the facility operator transferring FCOJ in tanks shall pay all charges which may be incurred in said transfer.

Rule 7.67. Arbitration

There shall be submitted to arbitration under the Rules, at the election of either party, any controversy between a facility operator or facility owner and a deliverer or receiver of a warehouse receipt or shipping certificate for Exchange FCOJ issued by said facility operator. For the purpose of this Rule, a controversy shall include any Claim, grievance or dispute relating to the storage handling, quality or delivery of Exchange FCOJ involving a former or present facility operator granted a license by the Exchange provided, however, that the Claim is made within one (1) year of the alleged grievance, Claim or dispute. Notwithstanding the provisions of this Rule, all Claims relating to the delivery of Exchange FCOJ against a facility operator or facility owner must be made no later than thirty (30) days after load-out.

Rule 7.68. Inconsistent Provisions

If any agreement between a facility operator and the owner of Exchange FCOJ or if any provisions of any warehouse receipt or shipping certificate is inconsistent with the provisions of the Rules, the provisions of these Rules shall control.

Rule 7.69. Application for a License as a Warehouse Facility and/or Tank Facility

The application shall be in the following form, provided that where the applicant has more than one (1) location, a separate application is required for each location:

Application for License as Warehouse Facility and/or Tank Facility

TO: THE NEW YORK BOARD OF TRADE®

Gentlemen:

We _____, operator and owner of the facility located at _____, do hereby make application to the New York Board of Trade (the "Exchange") for a license as a warehouse facility and/or tank facility for the storage, handling and delivery of frozen concentrated orange juice (FCOJ) pursuant to futures contracts made on the Exchange. By signing this Agreement, the operator, and (in cases in which the owner of the facility is a different person than the operator) the owner agree:

(A) that they have read the Rules of the Exchange and acknowledge that they are bound by such By-Laws and Rules, and any amendments thereto; and specifically

(B) that they are bound by the results of grade reviews performed by the USDA:

(C) that representatives of the Exchange shall have full access to all records of USDA inspections and grade reviews; and

(D) that they are subject to the Exchange's arbitration jurisdiction and bound by any decision respecting them thereunder.

(E) that they acknowledge that financial requirements are subject to change by the Exchange's Board of Governors from time to time.

(F) that they are subject to disciplinary proceedings for the violation of any Rule of the Exchange. The term "Rule," as used herein, means any by-law, rule, regulation, resolution, order, procedures or interpretation of the Board of Governors or any committee of the Exchange. The Exchange's Disciplinary Rules shall govern such disciplinary proceedings.

The following documents are enclosed:

(1) A copy of the financial statement as of the end of the last fiscal period (_____, 20____) certified by an independent public accountant.

(2) A copy of the liability insurance policy which terminates on _____.

(3) A copy of the performance bond which terminates on _____.

(4) A copy of the All Risk policy which terminates on _____. [This is required for tank facilities but not warehouse facilities (See Rule 7.64(c)).]

(5) A copy of the current tariff listing the detailed charges applicable to the handling, storage, sampling, inspection, delivery of FCOJ and other charges.

(6) A copy of the warehouse receipt or shipping certificate, as applicable.

(7) Original letters of credit in the principal amount of \$_____.

We agree that at least thirty (30) days before the expiration date or prior termination of the liability insurance policy or the performance bond (and for tank facilities, the All Risk policy) in effect at any time, we will furnish to you copies of the replacement policy or bond so that insurance or such bond shall be in effect at all times during which warehouse receipts or shipping certificates issued by us while licensed by you are outstanding.

Dated: _____ Dated: _____

Print Name of Facility Owner

Print Name of Applicant

By: _____ By: _____
Title Title

The foregoing application is approved by the FCOJ Warehouse and Delivery Committee.

Dated: _____ By: _____
Chairman

Approved by the Board of Governors.

Dated: _____ By: _____
Secretary

Rule 7.70. Inspection of FCOJ

(a) Drums

Inspection of FCOJ in drums shall be made by U.S.D.A. Inspectors who shall issue a Certificate of Quality and Condition which shall show the date of the U.S.D.A. inspection, the grade, the Brix value, the Score, the Brix ratio and the numbers of each drum in the lot. On the basis of the U.S.D.A. Certificate of Quality and Condition, the Exchange shall issue a Certificate certifying that the specifications set forth in the U.S.D.A. Certificate comply with the requirements for delivery under the Rules.

(b) Tanks

(1) At the time of delivery of FCOJ in tanks under Exchange Rules, a shipping certificate representing the document of title transferred by the seller to the buyer shall not be accompanied by an Exchange Certificate.

(2) However, at the time of the physical delivery of FCOJ upon surrender of a shipping certificate, the tank facility operator shall cause samples to be made available to U.S.D.A. Inspectors from the tank or tanks containing the FCOJ to be delivered so that the U.S.D.A. Inspectors may issue a Certificate of Quality and Condition. Said U.S.D.A. Certificate shall be provided on the spot to the tank facility and the bearer of the shipping certificate.

(c) General

(1) Remedies

In the event that any FCOJ delivered pursuant to a warehouse receipt or a shipping certificate fails to pass a grade review, the Clearing Member which took delivery ("Receiver") shall have the following remedies against the facility which issued the warehouse receipt or shipping certificate:

(A) Surrender of the FCOJ which failed the grade review and replacement by FCOJ which meets a grade review, and the facility shall pay all costs associated with such surrender and replacement:
or

(B) In lieu of replacement, the Receiver may demand payment to the Member Firm of the actual damages suffered by the Member Firm.

(2) Penalties

In addition to the remedies set forth in (A) or (B) above, the facility operator shall pay to the Receiver a penalty for any contract which fails grade review. The penalty shall be based upon

schedules as shall from time to time be published by the Exchange. The Exchange has established and published a penalty of 15¢ per pound.

(3) Replacement Procedure

In the event that a Receiver chooses to demand replacement under this Rule, the Receiver must issue written demand to the facility with a copy to the Exchange, within seven (7) Business Days from the date on which the Exchange informed the receiver of that right.

A facility which is served with a demand for replacement must within the next seven (7) Business Days from such service:

(A) arrange a date and time satisfactory to the Receiver for replacement delivery or

(B) report to the Exchange that despite good faith efforts of the facility, the Receiver refuses to co-operate in setting a time and date for replacement delivery.

(4) Alternate Settlement

In lieu of the remedies and penalties set forth in subparagraphs (c)(1) and (2) of this Rule, the Receiver may accept such settlement from the facility as the parties may agree.

(5) Questions

All questions with respect to the proper remedy and obligations of the parties under the remedy shall be referred to the FCOJ Warehouse and Delivery Committee.

(6) Encumbered FCOJ

The U.S.D.A. Inspectors shall not furnish inspection certificates with respect to any FCOJ which is encumbered.

Rule 7.71. Certificate of Deliverable FCOJ; Request for Exchange Certificate

To the New York Board of Trade

Gentlemen:

We enclose a photocopy of a Certificate of Quality and Condition issued by the Inspectors of the United States Department of Agriculture setting forth the specifications of quality and condition required for delivery of FCOJ in drums under the Rules of the Exchange, identified as follows:

U.S.D.A. Certificate No. _____ Lot # _____

Date of U.S.D.A. Certificate _____

Drum# _____

Agv. _____

Brix _____

Stored In _____

Total Net. Wt. Lbs. _____

Please issue a certificate signed by the representative of the Exchange certifying that the specifications set forth in the U.S.D.A. Certificate of Quality and Condition comply with the requirements for delivery under the By-Laws, Rules and Regulations of the Exchange.

Very truly yours,

Company Name and Address

By _____

Title

EXCHANGE CERTIFICATE

This is to certify that U.S.D.A. Inspectors have graded the lot of frozen concentrated orange juice referred to in the above Request and have issued a Certificate of Quality and Condition numbered and dated as shown above and that the specifications set forth in said Certificate comply with the requirements of the By-Laws, Rules and Regulations of the Exchange for delivery of frozen concentrated orange juice under contracts for future delivery made on the Exchange.

This certificate is valid for the delivery of a uniform lot of FCOJ in discharge of a contract for the future delivery of FCOJ made on the Exchange for a period from the date of the issuance of the U.S.D.A. Certificate until the end of the month following the expiration of one year from said date.

NEW YORK BOARD OF TRADE

By: _____

Vice President-Commodity Operations

Rule 7.72. Charges for Certification of FCOJ

(a) The Charges for a FCOJ Exchange certification shall be fixed and determined by the Board of Governors upon the recommendation of the Board of Citrus Advisors.

(b) All shipping certificates require a \$25 certification fee under this Rule.

Rule 7.73. Determination of Color

To determine the color scores for FCOJ for delivery on contract, the color shall be measured by the Hunter Citrus Colorimeter or such other device acceptable to the United States Department of Agriculture.

Rule 7.74. Drums and Tanks for FCOJ

(a) Every unit of FCOJ which is stored in drums shall be made of fifty-five (55) gallon steel drums with a double liner. Each liner shall be a minimum of two (2) mills in thickness and these liners shall be tied in a manner acceptable to the United States Department of Agriculture. Each drum shall be numbered.

The following drum condition specifications shall be applicable upon the delivery of FCOJ under the terms of the contract:

SIZE:

55-Gallon rated capacity

TARE WEIGHT:

Minimum tare weight shall be 40 pounds (includes drum, lid, liners and clamp ring).

HEIGHT OVERALL:

Optional, but not to exceed range of 32-36 inches. Each four drums on a pallet will be of comparable height. Variance between drums on same pallet cannot exceed 1/2 inch.

EXTERIOR OF DRUMS AND LIDS:

The exterior surface area of each drum and lid may not show dirt, product, rust, loose or flaking paint, or objectionable unpainted spots.

INTERIOR OF DRUMS AND LIDS:

Drums and lids must be clean and in good condition, completely free of product and all foreign materials (rust, loose or flaking paint, etc.). Surface must be painted, giving a smooth coverage, free of blisters, puddles or bare spots.

DENTS:

Free of dents that seriously affect the service and usability of the container. Slight dents permitted provided overall effect does not distract from appearance of drum. Internal and external surfaces to be free of pits.

LINER:

(i) Poly liners (each - 2 minimum) must be of minimum 2 mil. strength equivalent. Poly liners must have at least 6 inches remaining after bag is closed or tied. Product appearing on outside of bag will be considered evidence of an improperly tied or broken bag and not in acceptable condition.

(ii) Every unit of FCOJ which is stored in tanks and eligible for delivery by shipping certificates under the By-Laws and Rules of the Exchange shall be stored in tanks acceptable to the United States Department of Agriculture.

Rule 7.75. Warehouse Receipts

After FCOJ has been placed in a licensed public warehouse in drums, negotiable warehouse receipts stating the number on the drums for identification shall be issued to the owner of the lot. No receipt for more than one (1) contract unit shall be issued. Receipts shall be numbered consecutively conforming to that adopted by the Board of Citrus Advisors and approved by the Board of Governors.

Rule 7.76. Shipping Certificate

The following form of FCOJ Shipping Certificate shall be used:

Check One: FCOJ-1 ____ FCOJ-A ____ FCOJ-B ____

THE NEW YORK BOARD OF TRADE® (Exchange) FROZEN CONCENTRATED ORANGE JUICE SHIPPING CERTIFICATE FOR DELIVERY IN SATISFACTION OF AN EXCHANGE CONTRACT.

Licensed Tank Facility

Located at

Tank Facility No. _____

Shipping Certificate No. _____

This is to certify that the aforesaid tank facility has on hand and shall deliver to bearer 15,000 lbs. solids (plus or minus 3%) of frozen concentrated orange juice (“FCOJ”), as specified above, at the unloading platform of said facility meeting the specifications for deliverable FCOJ under the Rules of the Exchange upon the surrender of this shipping certificate and the payment only of all unpaid storage

charges due to the facility for periods subsequent to the date of the issuance of this certificate and of such load-out charges which have not been previously paid to the facility.

TERMS AND CONDITIONS

(1)(a) The facility agrees to deliver for shipment the FCOJ, as specified above, commencing no later than ten (10) calendar days (“Day 10”) and ending no later than thirty (30) business days (“Day 30”) after the date of demand by the holder. All requests for delivery made by a single holder or a nominee of that holder within a five (5) day continuous period may be declared to be a batch and will be subject to the same date of demand. For purposes of this certificate, the term “Date of Demand” means the date on which the facility receives the shipping certificate, or in the case of the batch being declared by the facility, the term “Date of Demand” will refer to the first date of receipt of the certificate in such declared batch, and the term “Multiple Demand” means demands by the same person for delivery on 2 or more certificates with identical Dates of Demand.

(i) All other rules that govern the times of delivery may be suspended if a facility requests the FCOJ Warehouse and Delivery Committee to determine if an inappropriate number of requests for delivery during any given period of physical deliveries have been received.

(ii) The facility will immediately contact the Exchange. The information regarding delivery requests will be promptly relayed to the FCOJ Warehouse and Delivery Committee. The Committee or a Panel of the Committee appointed by the Chairman of the FCOJ Warehouse and Delivery Committee will decide if an inappropriate number of requests has been made. If they so decide they will set up a schedule of deliveries that will permit all deliveries to occur during a period not to exceed thirty (30) Business Days from the Date of Demand.

(b) In making deliveries within the time period set forth in this certificate, the facility shall use its best efforts to make prompt deliveries in an orderly manner, including, but not limited to, the making of weekly pro-rata deliveries, beginning during the week within which Day 10 falls, to satisfy Multiple Demands outstanding.

(c) In the event that the facility is unable to make available FCOJ, as specified above, before the end of Day 10 then:

(i) the facility shall pay as penalty to the holder one hundred fifty dollars (\$150) a day for each Business Day after Day 10 that the facility is unable to fulfill this certificate;

(d) The holder and the facility shall use their best efforts to coordinate dates and times within which the FCOJ, as specified above, in satisfaction of shipping certificate(s), will be made available and picked up.

(e) In the event that the facility is unable to make available FCOJ, as specified above, before the end of Day 30, then:

(i) the facility shall pay as a penalty to the holder one hundred fifty dollars (\$150) a day for each Business Day after Day 30 that the facility fails to fulfill this certificate; and

(ii) storage charges incurred through Day 30 remain in effect; however, storage charges arising after Day 30 shall be waived; provided, however, that if the holder does not adhere to the schedule called for in paragraph (1)(d) of this certificate, then the above penalty shall not apply and a new Day 10 and/or Day 30 may be commenced on any certificate(s) upon which the schedule was violated.

(f) In the event that a holder of a shipping certificate presents the certificate to a facility for the purpose of taking delivery of FCOJ in accordance with Exchange Rules, and the holder, prior to delivery, cancels the request for delivery and requests that the facility reissue the shipping certificate, the facility must reissue the shipping certificate as long as the request is made at least forty-eight (48) hours prior to

delivery and may charge an administrative fee no greater than one hundred fifty dollars (\$150) for each shipping certificate reissued.

(2) The facility agrees to deliver for shipment the FCOJ, as specified above, at a maximum temperature of 20 degrees Fahrenheit.

(3) In the event of a failure of the holder of this certificate to pay storage for three (3) months, the undersigned reserves the right to sell or dispose of the FCOJ, as specified above, and claims a lien against the FCOJ, as specified above, or against the person entitled under this document or on the proceeds thereof in his possession for charges for storage, transportation, loading, handling (including the demurrage and terminal charges), labor and other charges present or future in relation to the goods and for expenses necessary for the preservation of the goods or reasonably incurred in their sale pursuant to law.

(4) This shipping certificate is subject to conversion to a warehouse receipt requiring delivery by drums of FCOJ, as specified above, upon demand of the facility after the expiration of one (1) year from the date hereof. In case of such demand, the facility shall give notice thereof to the holder of this certificate if its identity and location have been furnished to the facility. The holder of this certificate should notify the facility of its identity and location not later than one (1) year from the date hereof, failing which, delivery of the FCOJ, as specified above, represented by this certificate may require conversion to a warehouse receipt prior to its delivery. Notice of the holder's identity and location shall be held confidential by the facility.

(5)(a) This shipping certificate may not be tendered in satisfaction of an Exchange contract under the Rules of the New York Board of Trade unless this certificate has been registered and assigned a number by the Exchange's Office of Commodity Operations.

(b) The Rules of the New York Board of Trade limit the number of shipping certificates that the Exchange is obligated to register.

(6) UNLESS THE SHIPPING CERTIFICATE IS SIGNED, REGISTERED AND PROPERLY ENDORSED BY THE EXCHANGE'S OFFICE OF COMMODITY OPERATIONS WITH THE EXCHANGE SEAL IT MAY NOT BE USED FOR EXCHANGE PURPOSES.

Signed at _____

Tank Facility

Dated: _____ By: _____

Authorized Signatory of Licensed Facility

Assigned #

Date: _____

By: _____

Exchange's Office of Commodity Operations

THIS SHIPPING CERTIFICATE MAY ONLY BE CANCELLED UPON NOTICE TO THE EXCHANGE'S OFFICE OF COMMODITY OPERATIONS.

Rule 7.77. Registration of Shipping Certificate

Shipping certificates, in order to be eligible for delivery, must be registered and assigned a number by the Exchange with the Exchange's Office of Commodity Operations. Shipping certificates shall be subject to the following:

(a) when a shipping certificate has been registered and assigned a number by the Exchange's Office of Commodity Operations, said certificate shall be considered to be "outstanding" until its registration is cancelled by the Exchange licensed facility which issued the certificate. The Exchange's Office of Commodity Operations shall maintain a current record of the number of shipping certificates outstanding and shall post this record on the Exchange's web site. In the event of a cancellation of a certificate the following procedures must be adhered to:

(1) when the facility pumps out Exchange FCOJ in satisfaction of a shipping certificate, the certificates must be cancelled by the Exchange licensed facility and they must provide written notice to the Exchange's Office of Commodity Operations;

(2) when an Exchange licensed facility regains control of an outstanding shipping certificate issued by it, for its own proprietary account, such shipping certificates may be cancelled only upon notice to the Exchange's Office of Commodity Operations by the licensed facility.

(b) All mandatory cancellations must be reported to the Exchange's Office of Commodity Operations daily and/or upon demand by the Exchange's Office of Commodity Operations.

Rule 7.78. Insurance Coverage

All insurance coverage on FCOJ in licensed warehouses shall be a matter of arrangement between the owner and the warehouse.

Rule 7.79. Conversion of Shipping Certificate

(a) If any shipping certificate issued by a licensed tank facility remains outstanding after the expiration of one (1) year from the date of its issue, said certificate may, at any time thereafter, be converted to a warehouse receipt upon demand of the tank facility operator which issued said shipping certificate.

(b) Notice of the demand shall be mailed by the tank facility operator to the holder of the shipping certificate by registered or certified mail, return receipt requested, requiring surrender of the shipping certificate in exchange for a warehouse receipt. Said notice of demand shall contain the tank facility number, the shipping certificate number and date of issuance of the shipping certificate.

(c) A copy of the aforesaid notice of demand by the tank facility operator shall be mailed to the Exchange at the same time as the notice is sent to the holder of the shipping certificate.

(d) The holder of the shipping certificate shall surrender it for conversion within twenty (20) days from the date of the mailing of the notice of demand, failing which, the FCOJ stored in tanks may be removed and stored in drums for which a warehouse receipt will be issued and exchanged for the shipping certificate when surrendered.

(e) Upon completion of the aforesaid conversion, the tank facility operator shall notify the Exchange that the aforesaid shipping certificate is no longer in effect after which the registration of said certificate by the Exchange shall be cancelled.

(f) The warehouse receipt issued in exchange for the shipping certificate shall be in the form of a warehouse receipt required by the Exchange for the storage of FCOJ meeting the requirements for delivery by warehouse receipt under the Rules.

(g) If the tank facility operator does not know or cannot ascertain the identity of the current certificate holder, it shall notify the Exchange that it wishes to give the aforesaid notice of demand to the holder of the shipping certificate, identifying said shipping certificate. In such case, the Exchange shall give notice to all Members and to all Clearing Members requesting the name and address of the holder of the shipping certificate. Information received by the Exchange as to the name and address of the current certificate holder shall be given to the tank facility operator.

(h) The delivery of a warehouse receipt to the holder of a shipping certificate pursuant to a conversion under this Rule shall not be deemed an Exchange delivery; however, all the provisions of the Rules relating to the quality and condition of the FCOJ and the inspection thereof, shall be complied with as a condition to the issuance of the warehouse receipt so that the FCOJ represented by the warehouse receipt qualifies for subsequent Exchange delivery.

Resolutions

No. 1. Licensing Resolution—Schedule of License Fees

WHEREAS, the Board is authorized by Rule 7.15 to establish annual license fees;

NOW THEREFORE BE IT RESOLVED that the Board hereby places the following schedule of license fees into effect:

TYPE OF LICENSE	COFFEE	SUGAR	COCOA
Licensed Stores			
First Store	\$200	N/A	\$200
Any Subsequent Store	\$100	N/A	\$100
Renewal	\$100	N/A	\$100
Master Sampler	\$100	\$100	\$100
Renewal	\$ 50	\$ 50	\$ 50
Weighmaster	\$100	\$100	\$100
Renewal	\$ 50	\$ 50	\$ 50
Grader	\$100	\$100	\$100
Renewal	\$ 50	\$ 50	\$ 50
Chemist	N/A	\$100	N/A
Renewal	N/A	\$ 50	N/A
Classifier	\$100	N/A	N/A
Renewal	\$ 50	N/A	N/A