

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-135

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 03/21/18 Filing Description: Weekly Notification of Rule Amendments (Week of March 12, 2018)

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|-------------------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input checked="" type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: See filing.

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change" | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected:

Rule Numbers:

March 21, 2018

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(d) Notification. Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) Weekly Notification of Rule Amendments.
CME Submission No. 18-135**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(d), the Exchange submits this weekly notification of the following rule amendments made effective during the week of March 12, 2018.

Effective Sunday, March 11, 2018 for trade date Monday, March 12, 2018, the Exchange listed for trading a Spot Call Dry Whey contract on the CME Direct Auction electronic platform. The marketplace was notified of this change via Special Executive Report (“SER”) #8090R, which is attached hereto as Exhibit A.

On March 12, 2018, the Exchange issued CME Group Market Regulatory Advisory Notice (“MRAN”) RA1802-5 to supersede CME Group MRAN RA1719-5RR from February 20, 2018. The Exchange made administrative amendments regarding Block Trades. The marketplace was notified of this change via MRAN RA1802-5, which is attached hereto as Exhibit B.

On March 13, 2018, the Exchange issued CME Group MRAN RA1711-5 to supersede CME Group MRAN RA1703-5 from April 10, 2017. The Exchange made administrative amendments to reflect current position limits. The marketplace was notified of this change via MRAN RA1711-5, which is attached hereto as Exhibit C.

If you require any additional information, please contact the undersigned at (212) 299-2200 or via e-mail at CMESubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A – SER #8090R
Exhibit B – MRAN #RA1802-5
Exhibit C – MRAN #RA1711-5

Exhibit A



Special Executive Report

**S-8090R
2018**

February 15,

**Initial Listing of Spot Call Dry Whey Contract
and Amendments to Chapter 12 CME Spot Market Trading – Electronic Rules**

(This SER supersedes S-8090 dated February 9, 2018 and further amends Chapter 12 to include facilities that are approved and listed by the appropriate state’s inspection agency to be eligible to offer dry whey on the spot market. No other changes have been made to the original SER.)

Effective Sunday, March 11, 2018 for trade date Monday, March 12, 2018, Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) will list for trading a Spot Call Dry Whey contract (Commodity Code: WH) (the “Contract”) on the CME Direct Auction electronic platform. The trading hours for the Contract will be 10:45 a.m. – 10:55 a.m. CST.

Amendments to CME Chapter 12 (“CME Spot Market Trading – Electronic Rules”) are set forth in blackline format below.

The Commodity Futures Trading Commission (“CFTC”) will be notified of the aforementioned amendments to the CME Rulebook during the week of March 19, 2018, via the weekly notification procedures set forth in Part 40 of the CFTC Regulations.

All questions may be directed to Charles Piszczor, Director, Commodity Research & Product Development, at 312-930-4536 or Charles.Piszczor@cmegroup.com or Joanna Litchfield, Manager, Agriculture Commodity Business Line Management, at 312-338-2653 or Joanna.Litchfield@cmegroup.com.

**Chapter 12
CME Spot Market Trading – Electronic**

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Chapter 12

CME Spot Market Trading – Electronic

Electronic trading of a spot commodity contract on the CME Spot Market via the CME Direct Auction Platform (“CDAP”) is facilitated by Chicago Mercantile Exchange Inc. and governed by the Rules of this Chapter. Unless otherwise specified in this Chapter, CME Spot Market trades are not subject to the Rules applicable to trading of other contracts offered by CME or any of the CME Group designated contract markets. Defined terms of this Chapter are included in the Definitions Section of the CME Rulebook.

DISCLAIMER

CME SPOT MARKET IS NOT REGISTERED WITH, OR DESIGNATED, RECOGNIZED, LICENSED OR APPROVED BY THE CFTC.

1200. ENFORCEMENT OF RULES

1200.A. General Provisions

The Board has adopted Rules, and from time to time adopts amendments and supplements to such Rules, to promote a free and open market on CME Spot Market and to maintain appropriate business conduct. The Board has delegated responsibility for the investigation and imposition of penalties for violations of CME Spot Market Rules to staff of the CME Group Market Regulation Department (“Market Regulation Department”) and to certain committees as set forth in these Rules. The delegation of such responsibility and authority shall in no way limit the authority of the Board with respect to all Rule violations.

For purposes of Chapter 12, the term “Member” shall mean: 1) individuals or entities trading in CME Spot Market, including individuals and entities described in CME Rule 106; 2) employees, authorized representatives, contractors, and agents of a Member in regard to the CME Spot Market related activities of such individuals or entities; 3) warehouses and plants deemed regular for delivery of CME Spot Market contracts; and 4) individuals and entities that have agreed in writing or via electronic signature to comply with the Rules of CME Spot Market.

Members are deemed to know, consent to and be bound by all CME Spot Market Rules. Former Members shall be subject to the continuing jurisdiction of the Board and the Market Regulation Department including, without limitation, the application of Rule 1200.H., with respect to any conduct that occurred while a Member.

1200.B. The Chief Regulatory Officer

It shall be the duty of the Chief Regulatory Officer of the Market Regulation Department to enforce CME Spot Market Rules, and he shall have available to him at all times the resources of the Market Regulation Department and such other resources as may be necessary to conduct investigations of potential or alleged Rule violations and market conditions. The Chief Regulatory Officer shall have the authority to inspect the books and records of all parties subject to the jurisdiction of CME Spot Market pursuant to CME Spot Market Rule 1200.F. and the authority to require any such party to appear before him and produce his or its books and records and answer questions regarding alleged violations of CME Spot Market Rules, at the time, place and in the manner he designates. The Chief Regulatory Officer may also delegate his authority to staff of the Market Regulation Department.

1200.C. Sanctions

If the Market Regulation Department finds that a party, including a Member, has violated a CME Spot Market Rule, the Market Regulation Department may take one or more of the following actions:

1. Order the party to cease and desist from the conduct found to be in violation of these Rules;
2. Restrict, suspend or terminate the party’s access to CME Spot Market, the CME Direct Auction Platform (“CDAP”), the Globex platform, the Trading Floor or any other trading or clearing platform or facility owned or controlled by CME Group, or right to supervise the entry of any orders into such platforms by others;
3. Impose a fine upon the party not to exceed \$100,000 per violation;
4. Order a party to disgorge any monetary benefit resulting from a violation of a CME Spot Market Rule whether by that party or another party. For purposes of this provision benefit includes, without limitation,

- profit, whether realized or unrealized, and avoided losses,
5. Prescribe limitations on transactions of the party as may be appropriate;
 6. Order a party to make restitution to the account of anyone damaged by the conduct;
 7. Order a party or its legal counsel or other representative to pay out of pocket expenses incurred by the Market Regulation Department in connection with the matter if such party or counsel engaged in vexatious, frivolous or bad faith conduct during the course of an investigation or enforcement proceeding; and/or
 8. Order such action as is necessary to prevent a threat to the contract or violation of these Rules.

1200.D. Emergency Actions

1. The Chief Regulatory Officer, or his designee, is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:

- a. Any actual, attempted, or threatened market manipulation;
- b. Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
- c. Any action taken or considered by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have an impact on trading on CME Spot Market;
- d. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, self-regulatory organization, court or arbitrator upon a Member which may affect the ability of that Member to perform on its contracts;
- e. Any circumstance in which it appears that a Member or any other Person or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such Person or entity cannot be permitted to continue in business without jeopardizing the safety of Members or CME Spot Market;
- f. Any other circumstance which may have a severe, adverse effect upon the functioning of CME Spot Market, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of CME Spot Market Rule 1203.B.

2. In the event that the Chief Regulatory Officer determines, in the good faith exercise of his sole discretion, that an emergency exists, he may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:

- a. Suspend, curtail or terminate trading in any or all spot contracts;
- b. Restrict, suspend or terminate a party's access to the CDAP, the Globex platform, the Trading Floor, or any other trading or clearing platform or facility owned or controlled by CME Group, or right to supervise the entry of any orders into such platforms by others;
- c. Order liquidation or transfer of delivery obligation when a holder is unwilling or unable to make or take delivery;
- d. Modify the trading days or hours;
- e. Modify conditions of delivery; and/or
- f. Order any other action or undertaking to address or relieve the emergency.

The Market Regulation Department shall give appropriate notice of such action. As soon as practicable, the Board shall be notified of the emergency action. Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these Rules.

1200.E. Investigations

The Market Regulation Department shall investigate potential or alleged Rule violations. Investigations and all information and documents obtained during the course of an investigation shall be treated as non-public and confidential and shall not be disclosed by any party, except as necessary to further an investigation by the Market Regulation Department or as required by law. The Market Regulation Department is authorized to take recorded interviews pursuant to an investigation. Parties and witnesses being interviewed shall have

the right to representation, at their own cost, by legal counsel or anyone other than a member of the Board or an employee of CME Group or a Person related to the investigation.

Upon conclusion of an investigation, the Market Regulation Department may issue a warning letter to any party as a result of the investigation. Such letter shall not constitute either the finding of a Rule violation or a penalty. The Market Regulation Department may also impose one or more of the sanctions set forth in CME Spot Market Rule 1200.C. on the party. The decision of the Market Regulation Department shall be final and the party sanctioned shall not have any right to appeal.

Investigation File

The Market Regulation Department shall maintain a file once an investigation is initiated. The file shall include any materials in the possession of the Market Regulation Department that are relevant to the conduct being investigated.

1200.F. Consent to Exchange Jurisdiction

Any Member initiating or executing a transaction on or subject to the Rules of CME Spot Market directly or through an intermediary, and any Member for whose benefit such a transaction has been initiated or executed, agrees to be bound by and comply with the Rules of CME Spot Market in relation to such transactions, including, but not limited to, Rules requiring cooperation and participation in investigatory and disciplinary processes, and expressly consents to the jurisdiction of the Exchange and its Market Regulation Department in order to enforce such Rules.

1200.G. Contract Modification

All deliveries must conform to government regulations in force at the time of delivery. Unless specifically provided otherwise in the applicable product section of this chapter, if any duly authorized U.S. government agency or body with appropriate jurisdiction issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling directive or law shall be construed to take precedence and become part of these Rules, and all contracts shall be subject to such government orders.

1200.H. General Offenses

It shall be an offense:

1. a. to engage in fraud or bad faith;
b. to engage in conduct or proceedings inconsistent with just and equitable principles of trade;
2. to engage in dishonest conduct;
3. to create or report a false or fictitious trade;
4. to extort or attempt extortion;
5. to buy or sell any CME Spot Market contracts with the intent to default on such purchase or sale;
6. to engage in, or attempt to engage in, the manipulation of prices of CME Spot Market contracts; to corner or squeeze, or attempt to corner or squeeze, the market; or to purchase or sell, or offer to purchase or sell CME Spot Market contracts for the purpose of upsetting the equilibrium of the market or creating a condition in which prices do not or will not reflect fair market values;
7. to make a verbal or written material misstatement to a committee, or any Market Regulation Department employee;
8. to knowingly disseminate false, misleading or inaccurate information concerning market information or conditions that affect or may affect the price of any CME Spot Market contract.
9. a. to fail to appear before Market Regulation Department staff or any committee at a duly convened hearing, scheduled staff interview or in connection with any investigation;
b. to fail to fully answer all questions or produce all books and records at such hearing or in connection with any investigation, or to make false statements;
c. to fail to produce any books or records requested by duly authorized Market Regulation Department staff, in the format and medium specified in the request, within 10 days after such request is made or such shorter period of time as determined by the Market Regulation Department in exigent circumstances;
10. to use or disclose, for any purpose other than the performance of an individual's official duties as a

member of any committee any non-public information obtained by reason of participating in any committee meeting or hearing;

11. for a Member to permit the use of facilities in a manner that is detrimental to the interest or welfare of CME Spot Market or results in a violation of CME Spot Market Rules;
12. to commit an act which is detrimental to the interest or welfare of CME Spot Market or to engage in any conduct which tends to impair the dignity or good name of CME Group;
13. to fail to submit to arbitration any dispute which Market Regulation Department staff or an arbitration panel decides should be arbitrated pursuant to the Rules of this Chapter; or to fail to comply with a final arbitration award;
14. to fail to comply with an order of the Market Regulation Department staff or any hearing committee;
15. to engage in dishonorable or uncommercial conduct;
16. except where a power of attorney or similar document has been executed, for any party to accept or transmit a customer order which has not been specifically authorized;
17. for any party to fail to diligently supervise its employees and agents in the conduct of their business relating to CME Spot Market; and/or
18. to aid or abet the commission of any violation of CME Spot Market Rules.

1200.I. Strict Liability for the Acts of Agents

Notwithstanding Rule 1200.H.17., the act, omission, or failure of any official, agent, or other Person acting for any party within the scope of his employment or office shall be deemed the act, omission or failure of the party, as well as of the official, agent or other Person who committed the act.

1200.J. Effect of Suspension or Expulsion

Unless otherwise determined by the Market Regulation Department with jurisdiction over such matters, a suspended or expelled Member shall not be entitled to any of the privileges of membership during the period of such suspension or expulsion, including, but not limited to, the right to access any trading floor or electronic trading platform owned or controlled by CME Group.

1200.K. Member's Indemnification Liability

A Member or former Member shall indemnify and hold harmless Chicago Mercantile Exchange Inc., including each of its respective affiliates (collectively, the indemnified parties) and their officers, directors, employees, and agents, for any and all losses, damages, costs and expenses (including attorneys' fees) incurred by the indemnified parties as a result (directly or indirectly) of such Member's use of the CDAP and any violation or alleged violation of these Rules or state or federal law.

Any monetary obligations arising out of this Rule shall be subject to liens as provided in CME Rule 110(a).

1200.L. Claims by Members

A Member who commences a legal action against Chicago Mercantile Exchange Inc., its directors, officers, employees, or agents, or another Member of the Exchange without first resorting to and exhausting the procedures and the mandatory arbitration provisions of CME Spot Market Rule 1202, or any other Rules relating to settlement of disputes arising out of transactions or matters pertaining to CME Spot Market shall be deemed to have committed an act detrimental to the interest or welfare of the CME Spot Market.

1200.M. Notification of Significant Events

Each Member shall provide immediate notice to the Market Regulation Department in writing upon becoming aware of any of the following events relating to such Member:

1. any suspension, expulsion, revocation or restriction of such Member's trading privileges or any fine in excess of \$25,000, through an adverse determination, voluntary settlement or otherwise, by any court, commodity or securities exchange or related clearing organization, the Securities and Exchange Commission, the Commodity Futures Trading Commission or the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, the National Futures Association, the Financial Industry Regulatory Authority, Inc. or any self-regulatory or regulatory organization;
2. any indictment of the Member or any of its officers for, any conviction of the Member or any of its officers of, or any confession of guilt or plea of guilty or nolo contendere by the Member or any of its

officers to 1) any felony or 2) any misdemeanor involving, arising from, or related to the purchase or sale of any commodity, security, futures contract, option or other financial instrument or involving or arising from fraud or moral turpitude; and/or

3. any filing of a bankruptcy petition or insolvency, receivership or equivalent proceeding of which the Member is a subject. In the case of a voluntary bankruptcy, insolvency, receivership or equivalent proceeding, the Member also shall notify the Market Regulation Department when such Member forms a definite intention to file such proceeding.

Nothing in this Rule shall limit or negate any other reporting obligations that any Member may have to CME, the other CME Group exchanges or any other regulator or Person.

1200.N. Payments of Disciplinary Fines, Disgorgement Orders and Restitution

Disciplinary fines, disgorgement and restitution amounts ordered by the Market Regulation Department must be submitted to the Market Regulation Department no later than the date specified in the notice of decision. An individual who fails to provide proof of payment within the time prescribed will forfeit the following privileges until the payment has been received: 1) access to all CME Group markets; 2) access to the Globex platform; and 3) access to any other electronic trading or clearing platform or facility owned or controlled by CME Group. Any Member Firm that fails to make the required payment within the time prescribed will automatically forfeit preferred fee treatment for its proprietary trading until the payment has been received. Any party that fails to make the required payment shall immediately forfeit eligibility for any incentive or rebate program until the amount is paid in full. Any party that fails to pay a disciplinary fine, disgorgement order or restitution within the prescribed time period may also be subject to sanctions pursuant to CME Spot Market Rule 1200.H.14.

Parties may, subject to a determination by the sanctioning entity, be liable for unpaid fines or unpaid disgorgement and restitution orders imposed upon their employees.

1201. TRADING QUALIFICATIONS AND PRACTICES

1201.A. Requirement for Spot Transactions to be Executed on CME Direct Auction Platform

All CME Spot Market transactions must be executed electronically on the CME Direct Auction Platform ("CDAP").

1201.B. Priority of Customers' Orders

All CME Spot Market transactions shall be made competitively on the CDAP designated for the trading of CME Spot Market contracts. No bid or offer shall be specified for acceptance by a particular trader. CME Spot Market transactions may take place only at the best price available on the CDAP at the time the trade occurs.

A member shall not buy (sell) a CME Spot Market contract for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority when he is in possession of an executable order for another Person to buy (sell) a CME Spot Market contract.

The foregoing shall not apply to DRT orders provided that the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation. In the case of a party holding a discretionary order for an account described in Rule 1201.N., a "WP" designation on the order shall constitute sufficient evidence of prior consent.

1201.C. Trading Against Customers' Orders

No Person in possession of a customer order shall knowingly take, directly or indirectly, the opposite side of such order for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority, unless the customer order has been entered immediately upon receipt and has first been exposed on the CDAP for a minimum of 5 seconds.

Exceptions

The foregoing restriction shall not apply to transactions where the customer has consented in writing no more than 12 months prior to the transaction to waive the application of CME Spot Market Rule 1201.F.. Such transactions shall further be subject to the following requirements: (i) the member complies with the requirements set forth in Rule 1201.H.; (ii) the member clearly identifies, by appropriate descriptive words, all such transactions, and (iii) the member ensures that it is reported to Exchange price reporting staff for

entry into the Exchange Price Reporting System as a cross trade.

1201.D. Disclosing Orders Prohibited

No Person shall disclose another Person's order to buy or sell except to a designated Exchange official and no Person shall solicit or induce another Person to disclose order information. No Person shall take action or direct another to take action based on non-public order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this Rule.

1201.E. Simultaneous Buy and Sell Orders for Different Beneficial Owners

Opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered into the CDAP provided that one order is exposed for a minimum of 5 seconds. An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if this other order has been entered immediately upon receipt and has been exposed on the CDAP for a minimum of 5 seconds

1201.F. Wash Trades Prohibited

No Person shall place or accept buy and sell orders in the same contract where the Person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such orders by direct or indirect means.

1201.G. Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited

No Person shall prearrange or pre-negotiate any CME Spot Market purchase or sale or noncompetitively execute any transaction.

1201.H. Responsibility for Customer Orders

Standard of Responsibility

A Member shall exercise due diligence in the handling and execution of customer orders. Failure to act with due diligence shall constitute negligence. In the case of a dispute as to whether a Member has exercised due diligence, the appropriate arbitration panel or Chief Regulatory Officer or his designee is authorized to determine whether the Member was negligent and, if so, whether an adjustment is due to the customer. The panel or Chief Regulatory Officer or his designee may take into consideration the nature of the order and existing market conditions at the time the Member acted or failed to act. However, no market condition nullifies a Member's responsibility to exercise due diligence.

A Member is prohibited from directly or indirectly guaranteeing the execution of an order or any of its terms such as the quantity or price. A Member may only report an execution that has been effected through the CDAP. This rule shall not be construed to prevent a Member from assuming or sharing in the losses resulting from an error or the mishandling of an order.

Liability for Negligence

A Member may not adjust the price at which an order was executed or be held responsible for executing or failing to execute an order unless such Member was negligent or is settling a bona-fide dispute regarding negligence.

A Member Firm may not compel an adjustment from a Member in the absence of a bona-fide dispute regarding negligence.

1201.I. Discretionary Orders

Other than DRT orders, no Member shall accept an order that gives more latitude than price and time in execution of the order.

The above restriction shall not apply to those orders:

1. placed by another member for an account owned by such member;
2. placed by the member's immediate family which includes a spouse, parent, child, grandparent, grandchild, brother, sister, aunt, uncle, nephew, niece or in-law;
3. placed for proprietary accounts of Member Firms.

1201.J. Priority of Execution

A member shall not execute a discretionary order, including, without limitation, an order allowing the member discretion as to time and price, while in possession of an executable customer order. No Person shall allocate executions in any manner other than an equitable manner.

Non-discretionary customer orders received by a CDAP terminal operator shall be entered into CDAP in the sequence received. Non-discretionary orders that cannot be immediately entered into CDAP must be entered when the orders become executable in the sequence in which the orders were received.

1201.K. Recordkeeping Requirements for CME Spot Market Trading

General Requirements

Each CDAP terminal operator entering orders into the CDAP shall accurately input for each order: a) the user ID b) the price, quantity, product, and account number.

With respect to orders received by a CDAP terminal operator which are capable of being immediately entered into CDAP, no record other than that set forth above need be made. However, if CDAP terminal operator receives an order which cannot be immediately entered into CDAP, the CME Spot Market terminal operator must prepare a written order and include the account designation, date, time of receipt. The order must be entered into CDAP when it becomes executable.

Retention of Records

Each member must keep full, complete and systematic records, including records created or transmitted electronically, together with all pertinent data and memoranda, of all transactions relating to its business of dealing in spot contracts and related cash or forward transactions. Written and electronic records must be retained for a minimum of five years in permanent form. Oral communications must be recorded and must be retained for a minimum of one year past the date on which the oral communication occurred. All records required to be retained shall at all times be open to inspection by Exchange staff.

1201.L. Trade Data Submitted to the Exchange

Subject to each market participant's rights with respect to its own data, the Exchange and CME Spot Market shall own all rights, title and interest, database rights and trade secret rights in and to all trade data and related information submitted in connection with trading on CME Spot Market. CME Spot Market has the exclusive right to use, distribute, sub-license, disclose and sell anonymized trade data and derivative works in any manner, media and jurisdiction. Market participants shall not redistribute trade data or derivative works based thereon unless licensed by the Exchange. The restriction on redistribution shall not apply to a market participant's own data.

1201.M. Disruptive Practices Prohibited

All orders must be entered for the purpose of executing bona fide transactions. Additionally, all non-tradeable messages must be entered in good faith for legitimate purposes.

1. No Person shall enter or cause to be entered an order with the intent, at the time of order entry, to cancel the order before execution or to modify the order to avoid execution;
2. No Person shall enter or cause to be entered an actionable or non-tradeable message or messages with intent to mislead other market participants;
3. No Person shall enter or cause to be entered an actionable or non-tradeable message or messages with intent to overload, delay, or disrupt the systems of the Exchange or other market participants; and
4. No Person shall enter or cause to be entered an actionable or non-tradeable message with intent to disrupt, or with reckless disregard for the adverse impact on, the orderly conduct of trading or the fair execution of transactions.

1201.N. Spot Market Trading Agreement

All users must submit a completed and signed spot market trading agreement to the Exchange before gaining trading access to the CDAP.

1201.O. Error Trades

If a participant consummates a CME Spot Market trade in error, such participant must adhere to the following procedures to attempt to transfer the trade and the corresponding delivery obligation to another party:

1. The participant must report the erroneous trade execution to Market Regulation and CME Clearing no later than 30 minutes after execution.
2. The participant must make every effort to find another party willing to accept the trade and the corresponding delivery obligation, which must occur prior to the delivery deadline established by CME Spot Market.
3. The party accepting the trade and delivery obligation must assume the trade at the original execution price.
4. The error maker must notify the Exchange of the identity of the party willing to accepting the trade and the corresponding delivery obligation.

The error maker will be assessed a fee of \$500.00.

All error notifications are subject to review and approval by the Exchange. Notwithstanding the error procedures set forth above, if an error maker does not identify another party willing to accept the trade and the corresponding delivery obligation, all deliveries must be completed within the delivery timelines established by CME Spot Market.

1202. ARBITRATION

1202.A. Disputes Subject to CME Spot Market Arbitration

Disputes Among Members

Disputes between and among Members that are described below and that are based upon facts and circumstances that occurred at a time when the parties were Members shall be subject to mandatory arbitration in accordance with the Rules of this Chapter:

1. claims between Members that relate to or arise out of any transaction on or subject to the Rules of CME Spot Market;
2. claims between or among Members relating to trading rights on CME Spot Market; and
3. claims against the Exchange, CME Group and any subsidiaries and affiliates related to CME Spot Market.

Permissive Arbitrations

The following may be submitted for arbitration under this Rule and, in the event such a claim is submitted against a Member, that Member is required to arbitrate the dispute under these rules, unless otherwise provided:

1. claims of a customer against a Member that relate to or arise out of any transaction on or subject to the Rules of CME Spot Market;
2. claims of a customer against a Member responsible for the spot-call delivery performance of a transaction on or subject to the Rules of CME Spot Market;
3. At the discretion of the Chief Regulatory Officer, any claim involving the interests of CME Spot Market, its Members, their business relations or CME Spot Market trading in general not otherwise arbitrable under these Rules, provided the parties have consented to such arbitration.

Waiver of Any Objection to Jurisdiction

Any party who submits a claim or grievance to arbitration shall be conclusively presumed to have voluntarily recognized and agreed to the jurisdiction of the arbitration panel to hear and determine the claim.

A customer who submits a claim for arbitration in accordance with these Rules consents thereby to the jurisdiction of the arbitrators and agrees to the arbitration of any counterclaims, cross-claims or third-party claims by any respondent which arise out of the transaction that is the subject of the customer's claim. The claim shall comply with the requirements of this Rule.

Hearing Panel

Any arbitration, whether mandatory or permissive, shall be heard by a Member Panel and its decision shall be rendered in accordance with this Rule. A Member Panel shall mean an arbitration panel consisting of a co-chairman of the subcommittee of the CME and CBOT Arbitration Committee established for hearing arbitrations under this Rule and three Member panelists from such subcommittee.

Refusal to Hear Certain Disputes

A chairman may, but shall not be required to, order that a dispute that is otherwise arbitrable under these Rules not be arbitrated hereunder if the dispute requires for adjudication the presence of essential witnesses or third parties over whom the Panel has no jurisdiction or who are not otherwise available, or if the dispute requires the application of the rules of another exchange.

1202.B. Initiating an Arbitration Claim

In the event that a complaint is received it shall be referred to the Market Regulation Department, which shall, when appropriate, forward to the complainant a Consent Form for arbitration under this Rule. Such form shall inform the claimant, by attachment of all pertinent Rules, of his or her rights and obligations, including costs associated with arbitration.

A claimant may initiate a claim by submitting a written description of the dispute, a completed Arbitration Cover Sheet and depositing the appropriate arbitration fee with the Market Regulation Department within the period of eligibility for arbitration claims. The written claim shall include a clear description of the facts and circumstances involved in the dispute, including the transaction(s) or agreement(s) complained of, the names of the Persons and firms alleged to be responsible for any loss to the claimant, the dates of all acts or omissions relevant to the claim, a detailed calculation of the amount claimed and any other information necessary to fully describe the dispute. In the case of a request for punitive damages, the claim shall set forth the facts the party intends to present in support of the claim that the misconduct was willful and wanton.

Notice shall then be given by the Market Regulation Department to the party against whom the claim is asserted, who shall respond to the claim in accordance with this Rule.

The Market Regulation Department shall reject for filing any claim that does not fully describe the dispute, is clearly filed after the period of eligibility has expired or is clearly not arbitrable under this Rule. Such a claim will be promptly returned to the filing party with a notice describing the deficiency. A claimant seeking to correct the deficiency and file an amended claim may do so within 30 days of receiving notice describing the deficiency despite any expiration of the period of eligibility prescribed by this Rule during that 30-day period. The acceptance for filing by the Market Regulation Department shall not preclude a challenge to the arbitrability of the claim nor create a presumption that the claim is arbitrable.

1202.C. Answering an Arbitration Claim

Each respondent shall file a written response within 21 days after receipt of the written claim. However, if a party has timely filed a challenge to the arbitrability of the dispute, its response shall be due 21 days after receipt of the written decision confirming the arbitrability of the dispute.

The written answer must admit the claim or describe the respondent's basis for denying liability to the claimant(s). The answer may include an admission or denial of each specific allegation contained in the claim and/or the respondent's narrative description of the facts and circumstances involved in the dispute. A respondent may assert in an answer any defense that would be available in a court of law or equity, including any affirmative defense.

1202.D. Failure to Answer

A respondent's unexcused failure to file a timely answer shall constitute an admission of the facts alleged in a claim.

1202.E. Counterclaims, Cross-Claims and Third-Party Claims

A respondent may assert any counterclaim, cross-claim and/or third-party claim to the extent such claim would be allowable as an original claim under these Rules and, in response to claims by a customer against a Member, the Member may assert any counterclaim, cross-claim and/or third-party claim arising out of the same transaction or incident that is the subject of the customer's claim. Each respondent must file any counterclaim, cross-claim or third-party claim at the same time an answer to a claim is due. Initiating counterclaims, cross-claims, third-party claims and answers thereto shall conform to the requirements for initiating and answering original claims.

A respondent who believes that another Member may have a claim to any money or property which is the subject of a dispute in arbitration and that the failure of that other Member to assert a claim in the pending arbitration could prejudice the interests of the respondent may submit a request to the chairman to compel the participation of the other Member. If a Member fails to file such claim after being ordered to assert that claim in the pending arbitration, then notwithstanding any other Rule, that Member shall be barred from asserting in the future any claim against the respondent that is based on the same transaction, occurrence

or subject.

1202.F. Review of Arbitrability

Any party may file a challenge to the arbitrability of a dispute submitted for arbitration under this Rule. A party's failure to file a timely challenge to arbitrability shall waive any right to object thereafter to the arbitrability of the dispute.

A challenge to arbitrability by a claimant must be filed no later than 5 days after the claim is submitted for arbitration. A challenge to arbitrability by a respondent must be filed no later than 10 days after the respondent has received notice of the claim. The request must be in writing and state the reasons why the dispute is not arbitrable. Any other party may file a written response in support of or opposition to the challenge no later than 10 days after receiving notice of the challenge to arbitrability.

The chairman may decide the arbitrability of a dispute based on his consideration of the written submissions of the parties. The chairman's decision shall be final and is not appealable.

1202.G. Consolidation of Arbitration Disputes

If a chairman receives notice that two or more arbitration disputes are related, the chairman may order that any or all of the disputes be consolidated for purposes of conducting a hearing on the disputes. In determining whether to consolidate the disputes the chairman may consider the efficiencies of consolidation as well as the burdens and benefits to the parties in consolidating the disputes.

1202.H. Withdrawal of Claims

- A. A party may voluntarily withdraw its claim, counterclaim, cross-claim or third-party claim without prejudice at any time before an answer thereto has been filed by notifying the Market Regulation Department in writing of such withdrawal.
- B. After an answer to any claim, counterclaim, cross-claim or third-party claim has been filed, the claimant seeking to withdraw the claim, counterclaim, cross-claim or third-party claim must submit to the chairman a written request to withdraw with prejudice or upon such terms and conditions as may be imposed by the chairman.
- C. A withdrawal with prejudice under this Rule shall bar the claimant from re-filing any claim based on the same acts, transactions or omissions as the dismissed claim.

1202.I. Period of Eligibility for Arbitration

An arbitration must be initiated within one year of the date the claimant knew or should have known of the dispute on which the claim is based.

Counterclaims, cross-claims and third-party claims must be submitted no later than the date on which the answer is due.

1202.J. Parallel Proceedings

No claim will be accepted for arbitration if the Market Regulation Department receives notice that another arbitration, reparations action or civil court proceeding based on the same act, transaction or omission as the arbitration claim is pending at the time of filing.

No claim, counterclaim, cross-claim or third party-claim will be accepted for arbitration against a respondent if the Market Regulation Department has received notice that a stay exists due to the pendency of any bankruptcy proceeding against that respondent. If such a stay arises after a claim is accepted for arbitration or if the Market Regulation Department subsequently learns that such a stay is pending, the claim shall be dismissed without prejudice as to each respondent who is the subject of the stay. Nothing in this Rule shall prevent a claim in arbitration from proceeding against any remaining respondent.

1202.K. Requests for Documents, Information or Testimony

- A. The initial schedule for document requests by parties and responses will be set by the Market Regulation Department. The chairman may require any Member, or any Person employed by or associated with a Member to produce relevant documents in his possession or control at any time after a claim has been filed.

Upon the failure of a party or Member to voluntarily produce relevant documents in its possession or control upon request by a party, the party seeking the documents may submit a written request to the chairman for an order compelling the production of such documents.

1. Any request for an order compelling production of documents must:
 - a. identify each document or type of document sought with as much specificity as possible;
 - b. explain the relevance of each document or type of document sought; and
 - c. include a representation that the requesting party has attempted to obtain the documents from the responding party before resorting to a request to the chairman.
 2. The party or Member against whom an order compelling production is sought shall:
 - a. produce copies of the requested documents to the requesting party and the Market Regulation Department; or
 - b. represent in writing that the documents are not in his possession or control and explain the basis for such representation, and, if applicable, identify who is in possession or control of the requested documents; or
 - c. object in writing to a request and provide the basis for each objection.
- C. The chairman may require any Member, or any Person employed by or associated with a Member, to appear and to testify at a hearing.
- D. Whenever such production or appearance results from the request of a party, all reasonable costs and expenses incurred shall be borne by the party making the request, unless directed otherwise by the panel. A party who incurs costs and expenses recoverable under this Rule may, no later than the close of the last hearing date in the matter, submit an application to the panel for such costs and expenses. Such application shall contain a detailed explanation of amounts claimed. The panel may grant or deny all or any portion of the application.
- E. Any Member or employee thereof failing to appear, testify or produce documents in accordance with this Rule may be charged with a violation of Rule 1200.H.

1202.L. Documents and Witnesses to be Presented at Hearing

No later than 10 business days prior to the first scheduled hearing, each party must provide every other party and the Market Regulation Department with copies of all documents that the party intends to offer into evidence and a list of the names of all witnesses, including party-witnesses, who the party intends to call at the hearing in support of a claim or defense. Parties are not required under this Rule to provide copies of those documents that they may use, or to identify any witnesses whom they may call, only in cross-examination or rebuttal.

1202.M. Additional Procedures

The chairman may establish any procedures not otherwise contemplated by these Rules necessary to establish a just, equitable and efficient method of resolving a particular dispute, except that motions to dismiss and motions for summary judgment are not permitted under these Rules.

1202.N. Arbitration Panel

Appointment of Arbitration Panel

The Market Regulation Department shall select a Member Panel as set forth in Rule 1202.A. to hear and decide a dispute.

Requests to Remove an Arbitrator

1. Each party may request the removal of any arbitrator(s) from a panel for good cause shown. Such request must be made at least 7 days before the start of the first scheduled hearing. Failure of a party to timely request the removal of any arbitrator(s) will be deemed a waiver of that party's right to any further objection to the arbitrator's participation in the hearing and decision of the dispute.
2. The chairman, after considering a request to remove an arbitrator, another party's objections thereto and/or the statements of an arbitrator whose removal is sought, may deny the request or excuse the arbitrator. The chairman's decision shall be final and may not be appealed.

3. If an arbitrator is excused prior to the date of the first scheduled hearing, the Market Regulation Department shall select another Arbitration Committee member to replace the excused arbitrator at the hearing. Parties may make any appropriate request for the removal of the replacement arbitrator under this Rule.
4. If an arbitrator is excused on or after the date of the first scheduled hearing, the dispute may, at the election of the non-requesting party and with the consent of the chairman be heard and decided by the remaining arbitrators.

1202.O. Hearing Procedures

Arbitrations Resolved Without a Hearing

Arbitration claims, cross-claims third-party claims or counterclaims that do not exceed \$10,000 may, in the interests of efficiency and economy, be resolved without hearing. The panel shall render its decision based upon the parties' written submissions and any other relevant information obtained and provided to the panel and the parties at the direction of the chairman and/or the panel.

Chairman

The panel chairman shall preside over the proceeding and shall make such determinations on relevancy and procedure as will promote a fair and expeditious adjudication of any claim. The chairman may administer oaths or affirmations by witnesses. Upon request of the panel chairman, the Market Regulation Department shall submit any documents to the panel and parties that are relevant and readily available.

Arbitrators

The arbitration panel shall consider all relevant, probative testimony and documents submitted by the parties. The panel shall be the sole judge of the law and the facts, but if the panel is in doubt as to any questions of law, it may refer the question to its legal counsel who shall be one of the Market Regulation Department's Enforcement Counsel for an opinion. The panel shall not be bound by the formal rules of evidence. The final decision of the panel shall be by majority vote of the arbitrators, and the chairman shall vote only to resolve a tie.

Parties and their Representatives

Each party and his representative has the right to examine all relevant documents prior to and during the hearing, to present all relevant evidence in support of a claim or defense or as rebuttal to a claim or defense, and to question during the hearing witnesses presented in connection with a claim or defense. An entity may have one corporate representative of the entity, in addition to any counsel of record, attend the arbitration hearing. Such corporate representative is not precluded from testifying in the matter.

Witnesses

All testimony offered to the panel will be under oath or affirmation. Witnesses will be permitted in the hearing room only while providing testimony to the panel. Witnesses shall testify in person at the hearing, except that for good cause shown and in the discretion of the chairman, a witness may be allowed to testify by telephone or other appropriate means.

Hearing Record

An audio recording or transcription of the proceeding shall be made by the Market Regulation Department. Unless otherwise ordered by a chairman of the CME and CBOT Arbitration Committee, a copy of the audio recording or transcript will be released to a party only for the purpose of an application to confirm, vacate, modify or correct an award in a court of law. The requesting party shall bear the cost of copying the recording or transcript.

1202.P. Awards

Decision by Panel

After a hearing, or, on customer claims that do not exceed \$10,000 upon consideration of the pleadings and other relevant information, the arbitration panel shall issue a written decision signed by the panel chairman and at least a majority of the panel. The panel may decide any matter in controversy and issue any order the panel deems necessary to fully resolve the dispute. The Market Regulation Department shall promptly serve copies on all parties. The decision of the panel shall be final and not appealable. A monetary award made by the panel may include the following:

1. Actual damages;
2. Interest thereon;
3. Punitive damages of no more than two times the amount of actual damages.;
4. The arbitration fee incurred by a prevailing party, or a portion thereof; and
5. All or any portion of the administrative costs of the proceeding and any other reasonable and necessary expenses, including, but not limited to, attorneys' fees (a) incurred by a party by reason of another party's frivolous or bad faith claim, defense, or conduct during the arbitration or (b) where a statutory or contractual basis exists for awarding such fees. Requests for attorneys' fees and costs incurred in the arbitration proceeding must be raised in the proceeding or they are waived.

Failure to Prosecute

The chairman may order a party who fails to prosecute or defend a claim to pay all or a portion of its administrative costs incurred in connection with the arbitration claim.

1202.Q. Correction of Award

Any party may, within three days after receipt of the notice of decision, request the arbitration panel to modify or correct its decision where there has been an obvious material miscalculation or misdescription or where the notice is imperfect in a matter of form not affecting the merits of the dispute or decision.

1202.R. Satisfaction of Award

A party directed to pay an award shall submit payment of the amount due directly to the party receiving the award. An arbitration award must be satisfied within 15 days of receipt of the notice of decision. If a request is made to correct an award pursuant to Rule 1202.Q., the award must be satisfied within 15 days of receipt of the corrected notice of decision.

A party making payment must submit proof of payment to the Market Regulation Department no later than the business day following payment. An individual member who fails to provide proof of payment within the time prescribed will forfeit the following privileges until proof of payment has been provided: 1) access to all CME Group markets; 2) access to the Globex platform; and 3) access to any other electronic trading or clearing platform owned or controlled by CME Group. A Member Firm that fails to provide proof of payment within the time prescribed will forfeit preferred fee treatment for its proprietary trading. Any Member that fails to pay an arbitration award within the time prescribed may be subject to sanctions pursuant to Rule 1200.H.13. and may be immediately removed from any trading floor owned or controlled by CME Group.

1202.S. Right to Counsel

Every Person is entitled to represent his own interests, be represented by an attorney at law of his choosing and at his own expense who is admitted to practice before the highest court in any State, or be represented by any other non-compensated representative at any stage of an arbitration proceeding. An entity must be represented by an officer or owner of the entity or by an attorney at law.

1202.T. Computation of Time

For the purposes of Rule 1202, when a period of time is prescribed by a number of days, and not a specific date, the first day counted for the time prescribed is the day after notice is received or other event giving rise to the period of time occurs. Any submission is due or the time to take action shall lapse by the close of business on the last day counted, unless the last day is a weekend or CME Group exchange holiday, in which case the due date shall be the next following day the CME Group exchange is open for business.

For time periods of five days or less, only days the CME Group exchange is open for business will be counted. For all other time periods calendar days will be counted.

1202.U. Submissions to or Communications with the Panel

Any submission for consideration by a chairman or panel must be submitted to the Market Regulation Department with copies simultaneously served on each other party or designated representative of a party.

After a dispute has been submitted for arbitration, a Person filing the claim or required to respond to the claim and any Person asked to provide documents, information or testimony in connection with such claim shall not contact any member of a panel appointed to hear the claim for any purpose related to the dispute described by the claim.

1202.V. Arbitration Fees

Any Person submitting an arbitration claim shall remit the applicable fees as may be determined by the Market Regulation Department at the time of submission in order for such action to be effective.

1202.W. Confidentiality

Any and all documents, data, testimony, or other information obtained as part of an arbitration pursuant to this Rule shall be treated as strictly confidential by the parties to the Arbitration and the Member Panel. Such documents, data, testimony or other information may only be used for purposes of the arbitration or to confirm, vacate, modify or correct an award in a court of law and for no other purpose.

1203. DELIVERY FACILITIES AND DELIVERY PROCEDURES

1203.A. Scope of Rule

Deliveries and delivery facilities shall be governed by this Rule and, where applicable, the Section of Chapter 12 which includes contract specifications for the commodities being delivered and such other requirements as CME Spot Market may prescribe.

1203.B. Declarations of Force Majeure

If a determination is made by the Chief Executive Officer, President, President of Global Operations, Technology & Risk or Chief Operating Officer, or their designee, that delivery or final settlement of any spot contract cannot be completed as a result of Force Majeure, he shall take such action as he deems necessary under the circumstances, and his decision shall be binding upon all parties to the contract.

It shall be the duty of Members and regular facilities to notify CME Spot Market of any circumstances that may give rise to a declaration of Force Majeure.

Nothing in this Rule shall in any way limit the authority of the Chief Regulatory Officer to act in a Force Majeure situation pursuant to CME Spot Market Rule 1200.D.

1203.C. Regular Warehouses and Plants

Conditions for Approval

Warehouses or plants (hereafter "facilities") may be declared regular for delivery with the approval of CME Spot Market. Persons operating facilities who desire to have such facilities made regular for delivery shall make application for a declaration of regularity annually on a form prescribed by CME Spot Market prior to October 31.

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

CME Spot Market may establish such requirements and conditions for approval of regularity as it deems necessary. The application for regularity prescribed by CME Spot Market 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 section, the following shall constitute conditions for regularity and requirements with which the operator of a regular facility shall comply:

1. Facilities shall be a licensed, public, cold and/or dry storage warehouse and meet all local, state and federal requirements.
2. The operator of such facility shall be in good financial standing and credit. Financial statements must be reviewed or audited in accordance with U.S. Generally Accepted Accounting Principles or other international financial standards as deemed acceptable by CME Spot Market. On an annual basis, the facility shall provide CME Spot Market with copies of reviewed or audited financial statements of the facility, and its parent company (as applicable), as the reviewed or audited financial statements become available. Additionally, the facility must provide CME Spot Market with notice of any substantial reduction in capital as compared to the most recent filing of a financial report.
3. The operator of the facility shall promptly advise the Registrar of any issues at the facility which may cause damage to product held in store by it, whenever such damage shall occur to an extent that will render the product undeliverable.
4. The operator of the facility shall make such reports, keep such records and permit such facility visitation as CME Spot Market, or any other applicable government agency may require.

5. No facility shall be declared regular unless it has in force and effect warehouseman's legal liability insurance issued by such insurance companies and upon such terms and conditions as are satisfactory to CME Spot Market.
6. Facilities shall provide such guarantees, bonds or other financial instruments to CME Spot Market as may be required to guaranty the performance of its obligations pursuant to these Rules and any conditions set forth in the conditions for approval.
7. The facility is not required to own the storage facility and may lease the storage facility from the owner upon such terms and conditions as are satisfactory to CME Spot Market. The facility may also enter into a service arrangement pursuant to which an agent or contractor performs the daily operations of the storage facility upon such terms and conditions as are satisfactory to CME Spot Market. The facility shall be responsible for the conduct of its agents or contractors.
8. All officers, directors, employees and agents of a facility shall be prohibited from revealing any information regarding customers who have dealings with the facility except as permitted by CME Spot Market.

In the event the facility or any of its respective parent, subsidiaries or affiliates, engage in any trading activity, whether directly or indirectly, for which the facility has received approval for regularity, the facility shall institute such controls as CME Spot Market, at its discretion, deems necessary to protect the confidentiality of the users of the facility.

9. 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.
10. Members operating regular facilities shall be subject to CME Spot Market Rules and shall abide by and comply with the terms of any disciplinary decision imposed against it pursuant to CME Spot Market Rules.
11. Members operating regular facilities shall consent to the disciplinary jurisdiction of CME Spot Market for five years after such regularity lapses, for conduct which occurred while the facility was regular.

CME Spot Market, in its sole discretion, may determine not to approve facilities for regularity, regardless of whether such facilities meet the preceding requirements and conditions.

1203.D. Revocation, Expiration or Withdrawal of Regularity

The Chief Regulatory Officer or his designee may revoke a declaration of regularity whenever a regular facility fails to comply with the conditions specified in this section, any other conditions to which it has agreed in its application for regularity, or any other CME Spot Market Rule.

Unless a shorter notification period is otherwise authorized by CME Spot Market, a facility shall give six (6) months prior written notice to withdrawing from regularity.

If the designation of a facility as regular is withdrawn or revoked, a notice shall be posted announcing such revocation and also the period of time.

1203.E. Liability for Negligence of Graders

CME Spot Market shall not be liable for any error or negligence of any grader, and all claims for liability relating to grading or certificates of analysis shall be waived.

1203.F. Finality of USDA or Other Required Grading Certificate or Certificate of Analysis

CME Spot Market assumes no responsibility and disclaims all liability on account of the grade, quantity or specifications of any commodity delivered on the basis of a USDA or other required grading certificate or certificate of analysis.

1203.G. Appendix

[Service Providers](#)

1204. SPOT CALL NONFAT DRY MILK

1204.A. Commodity Specifications

The nonfat dry milk shall be free flowing and manufactured using the spray process with a low heat treatment classification. It shall not show less than 6.0 milligrams undenatured whey protein nitrogen per gram. On the day of sale, the nonfat dry milk shall be less than 180 days old. All nonfat dry milk shall be

certified Kosher by a Rabbinical Service that provides Kosher classification. The methods of analysis shall be those specified by the USDA.

All nonfat dry milk sold on CME Spot Market shall have been produced in facilities that at the time of production have been surveyed and approved by the Grading Service of the USDA and are on the eligible list of that Service or on the U.S. Department of Health and Human Services, Public Health Service, Food and Drug Administration IMS List, Sanitation Compliance and Enforcement Ratings of Interstate Milk Shippers.

Definitions

1. The "spot call" is the procedure for trading and delivering nonfat dry milk as more fully set forth in this Rule.
2. The "day of sale" is the day on which trading on the spot call is conducted.
3. A "carlot" consists of between 41,000 and 45,000 pounds, net weight, of nonfat dry milk which must be manufactured on or before the day of sale. No carlot shall consist of more than 3 sublots and each carlot shall be manufactured by a single plant.

Grade

Grade A

Nonfat dry milk sold as Grade A shall have a butterfat content of not more than 1.25% and a moisture content of not more than 4.00%. Its titratable acidity shall be not more than 0.15% and its solubility index shall be not more than 1.2 milliliters. It shall have a bacterial estimate of not more than 10,000 per gram and coliform of less than 10 per gram. Its scorched particle content shall be not more than 15.0 per gram.

1204.B. Spot Call

Trading Schedule

Contracts shall be scheduled for trading and delivery during such hours and days as may be determined by CME Spot Market.

Price Fluctuations

The minimum price fluctuation shall be \$.0025 per pound.

The first posted bid (offer) of each trading session shall not be more than \$.01 higher (lower) than the last market price noted for the previous session. Subsequent bids (offers) that would establish or change the market price for the current session, or any responses to posted offers (bids) higher (lower) than the last market price, shall be made in price increments not to exceed \$.01 per pound from the last market price.

Posting Bids and Offerings

A spot load can only be sold on CME Spot Market when, at the time of offering, the seller has documented possession/ownership of a deliverable load.

Quantities Bid and Offered

An offer to sell or bid to buy more than one carlot may be accepted in part or in full.

Contract Modifications

All deliveries must conform to government regulations in force at time of delivery. If any federal governmental agency issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these Rules.

1204.C. Settlement Procedures

Seller's Duties

1. The seller shall, by 3:00 p.m. (Chicago time) on the day of sale, submit to CME Spot Market the identity of the seller.
2. The seller shall, by 3:00 p.m. (Chicago time) on the day of tender, which shall be the third business day after the day of sale, deliver to the Clearing House the following:
 - a. A tender notice
 - b. The Certificate of Analysis that shows the results of the tests for fat and moisture content, titratable acidity, solubility, bacterial estimate, coliform, scorched particles, yeast and mold, grade, heat

process, salmonella and whey protein nitrogen. The requirements of this section (1206.C.2.b.) will be met if the information necessary to affect delivery is communicated to the Clearing House by the seller prior to 3:00 p.m. (Chicago time) on the day of tender and if the Certificate of Analysis is sent the same day by mail.

c. Any other documentation required by CME Spot Market.

3. The seller may demand payment in full by wire transfer before making shipment. Such demand must be made by the seller upon the date of sale and evidence of the receipt of such demand by the buyer must be filed with the Clearing House in the form of either an electronic acknowledgment or a copy of a wire sent to the seller on the date of the sale.
4. Upon receipt of buyer's instructions, seller shall immediately make shipment in accordance therewith. If the seller is unable to obtain shipping facilities, seller shall promptly notify buyer of its inability to obtain shipping facilities and ship at the earliest opportunity. Nonfat dry milk shall be loaded on truck and shipped as directed by the buyer. All other transportation charges shall be borne by the buyer.
5. Proof of delivery (i.e. bill of lading or warehouse form showing ownership transfer) shall accompany the invoice and seller shall submit copies of the documents to the Clearing House no later than 5 business days after the buyer receives the product.

Buyer's Duties

1. The buyer shall, by 3:00 p.m. (Chicago time) on the day of sale, submit to the Clearing House the identity of the buyer.
2. The buyer shall, by 3:00 p.m. (Chicago time) on the business day after the day of sale, notify the Clearing House if the nonfat dry milk is to be inspected.
3. The buyer shall be responsible for arranging and providing transportation for the nonfat dry milk. The buyer shall deliver instructions for shipping and routing to final destination via the Clearing House's online deliveries system by 12:00 noon (Chicago time) on the third business day after the day of sale. If the buyer fails to deliver such instructions within the required time or if the buyer fails to pick up the nonfat dry milk at the specified date and time, the seller shall either store the nonfat dry milk and charge the buyer the generally accepted commercial monthly rate or ship the nonfat dry milk by truck or rail to the buyer at the buyer's main warehouse.
4. The buyer shall pay for the nonfat dry milk within 3 business days after the date of the invoice covering the nonfat dry milk.

Clearing House Responsibilities

The Clearing House shall make available an invoice that specifies the date and price of sale. The freight differential, if any, shall be credited to the buyer on the invoice.

1204.D. Deviations and Allowances Weight

The delivered carlot may vary between 41,000 and 45,000 pounds in net weight. Payment shall be made on the basis of the exact net weight delivered.

Delivery Points

Delivery may be made only from approved plants or approved warehouses within the 48 contiguous states. Par delivery of nonfat dry milk shall be made from approved warehouses or approved plants in Chicago. Deliveries made from approved warehouses or approved plants outside of Chicago shall be subject to a freight allowance determined by CME Spot Market as follows: up to 400 miles outside Chicago with a discount of \$.0125 per pound; between 400 and 800 miles outside Chicago with a discount of \$.025 per pound; between 800 and 1200 miles outside of Chicago with a discount of \$.0325 per pound; between 1200 and 1600 miles outside Chicago with a discount of \$.040 per pound; and beyond 1600 miles outside Chicago with a discount of \$.055 per pound. The allowance shall be calculated on the net weight delivered.

1204.E. Packaging

The nonfat dry milk shall be packaged in multiwall paper bags of 25 kilogram net capacity. The bag shall be constructed of a minimum of 3 walls of flat or extensible kraft paper and a minimum 2.0 mil (guaranteed) low density polyethylene food grade liner. The total basis weight of the walls of paper shall be a minimum of 160 pounds when flat kraft or extensible paper is used. All bags shall show the name and location of the manufacturing plant or a USDA plant number, the manufacturer's lot and subplot number, net weight, the date

of manufacture, and the grade.

The closure for the bag shall meet one of the two following descriptions:

1. The bottom and top closures of the bag shall be closed by sewing through all walls of the outer bag with 12/6 needle and 12/5 cotton looper thread, or a comparable strength or with a single thread chain stitch with a 12/6 thread. The stitches shall be spaced 3.0 to 3.6 to the inch and not less than 3/8 inch and not more than 3/4 inch from the top and bottom ends of the bag. The stitches along the bottom and top of the bag shall be covered with not less than 70-pound basis weight flat extensible or low stretch creped kraft tape.
2. The bottom and top of the bag shall be closed to provide a tight seal using hot-melt or thermoplastic adhesive applied along the top edge of the long side of the bag extending downward at least 1-3/8 inches. The fold line of the closure shall be 1-5/8 inches plus or minus 3/8 inch below the top edge of the long side of the bag. The outer wall of the bag shall be stepped at the bottom and top foldover flap beyond all inner walls in order to provide a positive seal over the ends of the inner walls.

1204.F. Inspection

Buyer or seller may demand inspection of nonfat dry milk for grade before it is shipped. Such inspection shall be made prior to shipment at seller's facilities or at a warehouse near the seller's facilities and cost to be borne by the party requesting the grade. Such inspection shall be made by an independent lab and the results of such inspection shall be final and binding to both parties.

If an inspection is requested the following deadlines shall apply.

1. Buyer shall pay 90% of the amount invoiced within 3 business days after the day of invoice, and the balance when inspection is complete.
2. If the nonfat dry milk delivered fails to meet specifications as stated in these Rules a claim shall be made in writing to the seller with a copy delivered to the Clearing House within two business days of inspection issuance.

If the buyer inspects and accepts the nonfat dry milk or if he waives inspection, he cannot thereafter dispute the grade of the nonfat dry milk delivered to him.

Any nonfat dry milk in dispute shall be properly stored by the Person having possession.

1204.G. Delivery Procedures

The buyer must pick up the nonfat dry milk no later than 6 business days after the date of sale, unless an inspection is called for by the buyer or seller, in which case, the buyer will receive an additional 16 calendar days for pick up.

For loads that receive a failing grade, the following will take place:

1. Nonfat dry milk failing to meet the requirements will be replaced with nonfat dry milk meeting the requirements as stated in these Rules.
2. A seller will have a replacement load available for pick up 3 business days after issuance of the inspection certificate.
3. A buyer will pick up the replacement load 3 business days after the load is made available from the seller.
4. Documentation of replacement and pick up will be sent to the Clearing House within two business days after pick up.
5. Any claim regarding performance by the buyer or seller of the Rules of this Section shall be reporting to the Clearing House within Ten (10) calendar days of delivery.

The Market Regulation Department has the authority to perform audits of all market participants.

Proper Handling by the Seller

If an inspection is requested at buyer's location, the seller shall be responsible for loading according to industry practice. The bill of lading shall be prepared by the seller. The seller and the driver shall jointly seal the truck promptly upon completion of loading. The buyer may, at his option, request check loading by the USDA at origin.

Proper Handling by the Buyer

If an inspection is requested at buyer's location, the buyer shall be accountable for proper handling during transit and storage until the conclusion of the grading at the buyer's location and appeal grading, if any. Upon arrival at the buyer's location, the buyer and the driver shall jointly unseal the truck. The seller may, at his option, request check loading by the USDA at the buyer's location.

Appeal Grading

Following an inspection at the buyer's location, the Clearing House shall promptly inform the seller of the results. A request may then be made by the seller for an appeal inspection. Requests for such appeal must be presented to the Clearing House no later than 11:00 a.m. (Chicago time), one business day after notification to the seller of the results of the inspection at the buyer's location.

Appeal inspections shall be conducted by an independent lab. Applications for appeal inspections will be accepted or rejected in accordance with industry regulations and the results of the appeal inspection shall be final.

Revocation of Plant Approval

If upon valid inspection at the buyer's location according to these Rules, portions of three or more carlots which have been shipped directly from the same manufacturing plant fail to meet the contract requirements within a single 12 month period, then the delivery approval of the plant may be revoked. Any nonfat dry milk originating in such plant after the date of such revocation and put into storage shall also be ineligible for delivery on the spot call.

1204.H. Associated Costs

Delivery from Warehouse

If an inspection is requested, and it indicates that the product is not equal to or better than the requirements specified by the terms of sale, the seller shall be responsible for storage charges until the seller or buyer provides the Clearing House with a certificate of analysis indicating that the product is equal to or better than the requirements specified by the terms of sale. At that point, the buyer shall be responsible for storage charges for the remainder of the storage month. The buyer's share shall be computed by dividing the prevailing monthly storage rate by 30, raising the quotient to the nearest five cents and multiplying by the number of days remaining until the next expiration date (all months figured as 30 days). Storage charges shall be paid in advance by the seller and the pro rata share due from the buyer shall be added to and shown on the tender notice. All charges for handling prior to the day that the seller or buyer provides the Clearing House with a certificate of analysis indicating that the product is equal to or better than the requirements specified by the terms of sale shall be borne by the seller. All charges incurred thereafter shall be borne by the buyer.

Delivery from Plant

If the buyer does not remove the nonfat dry milk from the plant of the seller on or before 3:00 p.m. local time on the fifth business day after the day of sale, the buyer shall be obligated to pay \$.005 per pound for each subsequent calendar day, up to and including the day the nonfat dry milk is removed. The seller must, within two business days after removal of the nonfat dry milk, invoice such amounts to the buyer and send a copy of such invoice to CME Spot Market. The buyer shall make payment to the seller.

Only the original manufacturing plant can deliver the carlot from its plant. If that carlot is to be resold on CME Spot Market it must be moved to an approved warehouse before it can be sold.

Costs of Grading and Appeal Grading

The costs of all examinations, documentation and related services performed by independent labs for inspection at the buyer's or seller's location and appeal grading, if any, and the costs of CME Spot Market documentation and related services, such as repackaging after examination, shall be borne by the buyer if the requirements for each subplot specified by the terms of sale is upheld, and by the seller if it is not.

Container and Pallet Charges

Nonfat Dry Milk must be loaded on pallets for shipping. Buyer must make payments at \$12.50 per pallet.

1204.I. Settlement of Disputes

All disputes arising from the operation of this Section shall be arbitrated under the provisions of the Rules of CME Spot Market.

1204.J. CME Spot Market Fees

A fee of \$25.00 per carlot shall be paid to CME Spot Market by both the buyer and the seller.

1204.K. Failure to Perform

If the seller fails to deliver at the required time, he shall be in default, except that the Chief Regulatory Officer or his designee may extend the time to deliver for good cause shown, an additional three hours. In the event a seller defaults, he shall be penalized \$.10 per pound plus the advance, if any, from the purchase price to the full market price on the day of tender. The Chief Regulatory Officer or his designee, at its sole discretion, shall determine such market price by taking account of bona fide sales and quotations on such date including any purchase by the buyer to replace the defaulted delivery.

If the buyer fails to accept delivery, he shall be penalized \$.10 per pound plus the decline, if any, from the purchase price to the full market price on the day of tender, as determined by the Chief Regulatory Officer or his designee in the above stated manner. Payment shall be made as above.

With the exception of Force Majeure, any failure to meet the deadlines set forth within this Section will subject one or both parties to a penalty of \$500 per contract, per calendar day payable to CME Spot Market at the close of each day. Repeated failure may result in suspension of trading privileges or expulsion for one or both parties.

Sellers or Buyers who submit late, materially incomplete or erroneous delivery information or who cause material adjustments to delivery information shall be fined \$200 per contract per day, payable to the buyer or seller depending on the party that is harmed.

1205. SPOT CALL BUTTER

1205.A. Commodity Specifications

Definitions

1. The "spot call" is the procedure for trading and delivering cash butter as more fully set forth in this chapter.
2. "Butter means salted butter that conforms to the definition of butter contained in 21 U.S.C. § 321a, is made entirely from sweet cream, and, if graded by USDA, would be certified Grade AA Butter.
3. A "carlot" consists of between 40,000 and 43,000 pounds, net weight, of salted butter in not more than three lots, none under 100 boxes, which may be manufactured by different plants. No carlot shall consist of more than three brand names. The butter must be uniform in color and salt. The butter must be manufactured on or before the date of sale.
4. "Certificate of Analysis" means a document certifying the following with respect to the butter being offered for sale: (a) the warehouse or plant location; (b) the storage lot, and if applicable, release number; (c) the number of boxes and the marked weight; (d) the date in storage; (e) that the butterfat content of the butter is equal to or greater than eighty (80) percent by weight of milkfat; (f) that the moisture content is less than or equal to eighteen (18) percent by weight; (g) that the salt content is not less than 1.2 percent nor more than two (2) percent by weight; (h) that the standard plate count is less than five thousand (5,000) per gram; (i) that coliforms are less than 10 per gram; and that the yeast and mold count is less than twenty (20) per gram.
5. "Fresh Butter" shall be butter that, on the day of sale, has been in cooler rooms or freezer rooms of approved plants for 15 calendar days or less, or cold storage warehouses for 24 calendar days or less from date of manufacture of the earliest churning in the carlot at temperatures not to exceed 45 degrees Fahrenheit.
6. "Storage Butter" shall be butter that, on the day of sale, has been in cold storage or an approved plant 25 calendar days or longer from the date of manufacture of the earliest churning in the carlot at temperatures not to exceed 45 degrees Fahrenheit. Commencing on the 30th calendar day after the date of manufacture of the earliest churning in the carlot, the butter shall be held at temperatures not to exceed 0 degrees Fahrenheit. Storage butter may not be delivered if the day of sale is later than the 10th business day of the 12th month after the month of manufacture of the earliest churning in the carlot. Effective March 1, 2001, to be eligible for sale on or after March 1 of a given year, the butter shall not have been produced or stored prior to December 1 of the previous year.
7. The "day of sale" is the day on which trading on the spot call is conducted.
8. The "day of tender" is the first business day after the day of sale.

1205.B. SPOT CALL

Trading Schedule

Contracts shall be scheduled for trading and delivery during such hours and days as determined by CME Spot Market.

Price Fluctuations

The minimum price fluctuation shall be \$.0025 per pound.

The first posted bid (offer) of each trading session shall not be more than \$.01 higher (lower) than the last market price noted for the previous session. Subsequent bids (offers) that would establish or change the market price for the current session, or any responses to posted offers (bids) higher (lower) than the last market price, shall be made in price increments not to exceed \$.01 per pound from the last market price.

Posting Bids and Offerings

A spot load can only be sold in CME Spot Market when, at the time of offering, the seller has documented possession/ownership of a deliverable load.

Quantities Bid and Offered

An offer to sell or bid to buy more than one carlot may be accepted in part or in full.

Contract Modifications

All deliveries must conform to government regulations in force at time of delivery. If any federal governmental agency issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these Rules.

1205.C. SETTLEMENT PROCEDURES

Seller's Duties

1. The seller shall provide details about the butter, to the Clearing House by 3:00 p.m. (Chicago time) on the day of sale
The seller shall also, by 3:00 p.m. (Chicago time) on the day of sale, submit to the Clearing House the identity of the seller.
2. The seller shall make the butter available for shipment on the day of sale.
3. The seller shall, by 3:00 p.m. (Chicago time) on the day of tender deliver to the Clearing House the following:
 - a) A tender notice.
 - b) A copy of the USDA grading certificate or a copy of the USDA worksheet indicating that the carlot grades USDA grade AA or a copy of the Certificate of Analysis that shows the results of the tests for butterfat, moisture content, standard plate count, coliform, yeast and mold, and salt. The seller shall deliver to the buyer either the USDA grading certificate, or a copy of the USDA worksheet, or the Certificate of Analysis.
 - c) Any other documentation required by the Spot Call Market.
4. A keeping quality test shall not be necessary for delivery on the spot call. However, the seller of a carlot of Fresh Butter warrants that, should a 7-day 72 degree Fahrenheit keeping quality test be completed by the USDA within 14 calendar days of day of tender, the tendered carlot would pass such test. Failure to pass such test, if conducted within the prescribed period, shall result in replacement of the failed churnings by the seller and compensation to the buyer for expenses and losses, according to normal industry practices. If the seller elects to have USDA conduct such test the results shall be final and binding on both the Buyer and the Seller.
5. Sellers who submit late, materially incomplete or erroneous delivery forms or who cause material adjustments to delivery forms shall be fined \$200 per contract per day, payable to the buyer.

Buyer's Duties

1. The buyer shall, by 3:00 p.m. (Chicago time) on the day of sale, submit to the Clearing House the identity of the buyer.
2. The buyer shall, by 3:00 p.m. (Chicago time) on the day of tender, notify the Clearing House if the butter is to be inspected.
3. The buyer shall be responsible for arranging and providing transportation for the butter.
4. The buyer's clearing firm shall make payment by certified check or wire transfer of same day funds to the seller's clearing firm in the amount due as shown by the seller's tender notice by 3:00 p.m. (Chicago time) on the first business day after the day of tender.

Clearing House Responsibilities

The Clearing House shall make available an invoice that specifies the date and price of sale. The freight differential or discount, if any, shall be credited to the buyer on the invoice.

1205.D. DEVIATIONS AND ALLOWANCES

Discounts for Frozen and for Storage Butter

If the carlot tendered is fresh butter located in a freezer room, it shall be discounted \$.005 per pound. If the carlot tendered is storage butter located in a cooler room, it shall be discounted \$.005 per pound. If the carlot tendered is storage butter located in a freezer room, it shall be discounted \$.01 per pound.

Discount for In-Plant Delivery

If the carlot tendered is located in a plant, it shall be discounted \$.03 per pound.

Weight

The delivered carlot may vary between 40,000 and 43,000 pounds in net weight. Payment shall be made on the basis of the exact weight delivered.

Delivery Points

Delivery may be made only from approved locations in the contiguous 48 states.

Par delivery of butter shall be made from approved warehouses or approved plants in Chicago. Deliveries made from approved warehouses or approved plants outside of Chicago shall be subject to a freight allowance determined by the CME Spot Market as follows: up to 400 miles outside Chicago with a discount of \$.0125 per pound; between 400 and 800 miles outside Chicago with a discount of \$.025 per pound; between 800 and 1200 miles outside Chicago with a discount of \$.0325 per pound; between 1200 and 1600 miles outside Chicago with a discount of \$.040 per pound; and beyond 1600 miles outside Chicago with a discount of \$.055 per pound. The allowance shall be figured on the net weight delivered plus a two pound per box tare.

1205.E. PACKAGING

Butter shall be packaged to conform to the packaging specifications of the Commodity Credit Corporation for bulk butter in force on the date of manufacture, as contained in "Announcement DAIRY-7, Purchase of Bulk Dairy Products", as amended, or in such other document or announcement as may supersede this publication. In addition, each carlot shall contain only one type and marked weight of box 25 kilograms or 68 pounds net capacity; all the boxes in a churning shall be consecutively numbered; the butter in each box shall be one solid piece and no bulging or misshapen boxes shall be permitted.

1205.F. INSPECTION

Buyer may require that seller obtain an inspection for grade of the butter before it is shipped. Such inspection for grade shall occur prior to shipment at seller's facilities or at a warehouse near the seller's facilities. Inspection for grade shall include completion of keeping quality test, and may be performed either by a USDA grader or by an independent laboratory chosen or agreed to by the buyer. The results of such grading shall be final and binding on both parties.

If buyer requires that the butter be inspected for grade, the following deadlines shall apply:

1. Buyer shall pay 90% of the amount invoiced within three (3) business days after the day of invoice, and the balance when inspection is complete.
2. Seller shall contact USDA grading service or the independent laboratory within one (1) business day of buyer's demand and shall arrange for the inspection for grade. Seller shall notify buyer and Clearing House of the date on which the inspection for grading is scheduled to occur.
3. If the butter fails inspection for grade:
 - a. Seller shall make a replacement load available for pick-up not later than three (3) business days after USDA or independent laboratory discloses the results of the inspection for grade.
 - b. Buyer shall pick up the replacement load not later than three (3) business days after the load is made available by the seller; and
 - c. Buyer shall send documentation of replacement and pick-up to the Clearing House within two (2) business days after pick-up.

The costs of all inspections, documentation and related services performed by USDA grading services or by the independent laboratory, the costs of CME Spot market documentation, and the costs of any related services, such as repackaging after inspection, shall be borne by the buyer if USDA certifies the butter Grade AA, or if the independent laboratory certifies that the butter meets the standards in seller's Certificate of Analysis; or by the seller, if USDA or inspection service, whichever has been chosen, does not certify.

If the buyer inspects and accepts the butter or waives inspection, the buyer cannot therefore dispute the grade of the butter delivered.

Any butter in dispute shall be properly stored by the person having possession.

A USDA grading certificate shall not be valid for delivery if the butter has been moved from the location indicated on the certificate. The USDA grading certificate shall indicate state(s) of manufacture. Sample containers shall be drawn randomly in conformance with DA Instruction 918 00 of the Dairy Division, Agricultural Marketing Service (AMS), USDA, or in such other document or announcement as may supersede this publication.

1205.G. DELIVERY PROCEDURES

The buyer shall have the right to call for one grading of the carlot at the buyer's destination, either by a USDA grader or by an independent laboratory. The buyer shall within one (1) business day, request USDA or independent laboratory to conduct the grading at the buyer's destination and notify the seller. Grading at destination shall be completed within 16 calendar days of the day of tender, including completion of a keeping quality test.

Failure of any churning to meet all the requirements of this Section shall result in replacement of the failed churnings by the seller and compensation to the buyer for expenses, or reimbursement to the buyer of the entire contract price

Any claim regarding performance by the buyer or seller of the Rules of this Section shall be reporting to the Clearing House within Ten (10) calendar days of delivery.

Proper Handling by the Seller

The seller shall be responsible for loading according to industry practice. The bill of lading shall be prepared by the seller and shall provide instructions regarding trailer precooling and temperature maintenance during transit. In addition, the bill of lading shall state the time of completion of loading and shall be signed by the seller and the driver, with the seller retaining one copy and the driver three copies. The seller and the driver shall jointly seal the truck promptly upon completion of loading. The buyer may, at his option, request check loading by the USDA at origin.

Proper Handling by the Buyer

The buyer shall be accountable for proper handling during transit and storage until the conclusion of the grading at destination and appeal grading, if any.

In particular, the truck shall be a properly refrigerated vehicle and shall be cooled prior to loading to a temperature not to exceed 45 degrees Fahrenheit if the butter is fresh and to a temperature not to exceed 0 degrees Fahrenheit if the butter is frozen.

The bill of lading shall state that the truck was properly pre-cooled and that the applicable temperature was maintained throughout transit. Transit time between origin and destination, as evidenced by ICC logs, shall be normal for the weather and other conditions prevailing. Upon arrival at destination, the buyer and the driver shall jointly unseal the truck. The seller may, at his option, request check loading by the USDA at destination.

The driver's copies of the bill of lading shall be endorsed by both the driver and the buyer upon arrival stating the time of arrival at destination, the time unloading commenced and the time unloading was completed. The buyer shall indicate the condition of the butter upon arrival at destination on the bill of lading and the driver shall indicate the place of unloading (i.e. dock, cooler or freezer). The buyer shall keep one copy, the driver one copy and one copy shall be sent by the buyer to the Clearing House.

The buyer shall be able to produce evidence in the form of affidavits that unloading into proper refrigerated storage with temperatures prevailing as above was prompt and according to normal industry practice. The buyer shall be able to produce evidence in the form of affidavits that storage thereafter until completion of grading at destination and appeal grading, if any, was within applicable temperatures as above and in all other ways conformed to normal industry practice.

Failure by the buyer to meet the conditions of Rule 1205.G shall result in forfeiture of the right to compensation for expenses and losses.

Appeal Grading

Following grading at destination, the Clearing House shall promptly inform the seller of the results. A request may then be made by the seller for appeal grading. Requests for such appeal must be presented to the Clearing House no later than 11:00 a.m. Chicago time, one business day after notification to the seller of the results of the grading at destination.

Appeal grading shall be conducted by a grader(s) assigned by the Regional Director of Dairy Inspection and Grading, AMS, USDA. Applications for appeal grading will be accepted or rejected in accordance with AMS regulations. The results of the appeal grading shall be final.

Revocation of Plant Approval

If upon valid grading at destination according to these Rules, portions of three or more carlots from the same manufacturing plant grade lower than USDA Grade AA within a single 12 month period, then the delivery

approval of the plant may be revoked. Any butter originating in such plant after the date of such revocation and put into storage shall also be ineligible for delivery on the spot call.

1205.H. ASSOCIATED COSTS

Delivery from Warehouse

The seller shall assume storage charges until 5:00 p.m. on the third business day after the date of tender. The buyer shall be responsible for charges for the remainder of the storage month. The buyer's share shall be computed by dividing the prevailing monthly storage rate by 30, raising the quotient to the nearest five cents and multiplying by the number of days remaining until the next expiration date (all months figured as 30 days). Storage charges shall be paid in advance by the seller and the pro rata share due from the buyer shall be added to and shown on the tender notice. All charges for handling prior to the date of tender shall be borne by the seller. All charges incurred thereafter shall be borne by the buyer.

Delivery from Plant

If the buyer does not remove the butter from the plant of the seller on or before 3:00 p.m. local time on the third business day after the day of tender, the buyer shall be obligated to pay \$.005 per pound for each calendar day subsequent thereto, up to and including the day the butter is removed. The seller must within two business days after removal of the butter invoice such amounts to the buyer and send a copy of such invoice to CME Spot Market. The buyer shall make payment through CME Spot Market.

The original manufacturing plant can only deliver the carlot from its plant. If that carlot is to be resold on CME Spot Market it must be moved to an approved warehouse before it can be sold.

Costs of Grading and Appeal Grading

The costs of all examinations, documentation and related services performed by the USDA grader for grading at destination and appeal grading, if any, and the costs of CME Spot Market documentation and related services, such as repackaging after examination, shall be borne by the buyer if the original grade for each churning is upheld, and by the seller if it is not.

1205.I. Settlement of Disputes

All disputes arising from the operation of this shall be arbitrated under the provisions of CME Spot Market.

The Market Regulation Department has the authority to perform audits of all market participants.

1205.J. CME Spot Market Fees

A fee of \$25.00 per carlot shall be paid to CME Spot Market by both the buyer and the seller.

1205.K. Failure To Perform

If the seller fails to deliver at the required time, he shall be in default, except that CME Spot Market Chief Regulatory Officer or his designee may extend the time to deliver for good cause shown, an additional three hours. In the event a seller defaults, he shall be penalized \$.10 per pound plus the advance, if any, from the purchase price to the full market price on the day of tender. The Chief Regulatory Officer or his designee, at its sole discretion, shall determine such market price by taking account of bona fide sales and quotations on such date including any purchase by the buyer to replace the defaulted delivery.

If the buyer fails to accept delivery, he shall be penalized \$.10 per pound plus the decline, if any, from the purchase price to the full market price on the day of tender, as determined by the Chief Regulatory Officer or his designee in the above stated manner. Payment shall be made as above.

With the exception of Force Majeure, any failure to meet the deadlines set forth within this Section will subject one or both parties to a penalty of \$500 per contract, per calendar day payable to the Chief Regulatory Officer or his designee at the close of each day. Repeated failure may result in suspension of trading privileges or expulsion for one or both parties.

Sellers or Buyers who submit late, materially incomplete or erroneous delivery information or who cause material adjustments to delivery information shall be fined \$200 per contract per day, payable to the buyer or seller depending on the party that is harmed.

1206. SPOT CALL CHEESE

1206.A. Commodity Specifications

Definitions

1. The "spot call" is the procedure for trading and delivering cash cheese as more fully set forth in this Rule.
2. A "carload" consists of between 40,000 and 44,000 pounds, gross weight.

3. The "day of sale" is the day on which trading on the spot call is conducted.

Varieties

The following "Varieties" of cheese, as defined in the standards of identity established by the Food & Drug Administration in Code of Federal Regulations, Title 21, Part 133 (21 CFR 133), as amended from time to time, may be traded on the spot call:

- Cheddar cheese
- Cheddar cheese for manufacturing
- Granular cheese
- Granular cheese for manufacturing

Styles

Trading in the several varieties shall be limited to the following "styles":

Variety	Style
Cheddar cheese (Manufactured from pasteurized milk only.)	40# blocks
Cheddar cheese, cheddar cheese for manufacturing, granular cheese, granular cheese for manufacturing	Barrels

Grades

Cheese in 40# block style shall meet the requirements of Wisconsin State Brand, USDA Grade A or better. Cheese in barrel style shall meet the requirements of Wisconsin State Brand, USDA Extra Grade or better.

Age

Unless a bid or offer specifies otherwise, on date of sale cheese shall be not less than four days or more than one month (30 calendar days) of age.

Moisture Content

Moisture content for cheese in 40# block style shall not be less than 36.5%.

Color

Cheese in barrels shall be white. Cheese in 40# block style shall be colored and shall fall within the color range of 6-8 on the NCI color chart.

Marking

All cheese sold on CME Spot Market shall show upon each package the shipper's lot number, net weight, vat number, and date and shall not contain upon the cheese and package any brand or printed information except such information as is required by this Rule and by law.

Approved Factories

All cheese sold on CME Spot Market shall have been produced in factories which at the time of production have been surveyed and approved by the Grading Service of the USDA and are on the eligible list of that Service.

1206.B. Spot Call

Trading Schedule

Contracts shall be scheduled for trading and delivery during such hours and days as determined by CME Spot Market.

Price Fluctuations

All bids and offers shall be at a stated price per pound. Fractions of a cent shall be stated in multiples of a quarter of a cent. The minimum price fluctuation shall be \$.0025 per pound.

The first posted bid (offer) of each trading session shall not be more than \$.01 higher (lower) than the last market price noted for the previous session. Subsequent bids (offers) that would establish or change the market price for the current session, or any responses to posted offers (bids) higher (lower) than the last market price, shall be made in price increments not to exceed \$.01 per pound from the last market price.

Posting Bids and Offerings

A spot load can only be sold on CME Spot Market when, at the time of offering, the seller has documented possession/ownership of a deliverable load.

Quantities Bid and Offered

An offer to sell or bid to buy more than one carload may be accepted in part or in full.

Restriction on Bids and Offers

No principal shall enter a bid (offer) for cheese of the same variety, style, grade and age at the same price that is currently being offered (bid) by that principal.

Contract Modifications

All deliveries must conform to government regulations in force at time of delivery. If any federal governmental agency issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these Rules.

1206.C. Settlement Procedures

Seller's Duties

1. The seller shall, by 3:00 p.m. (Chicago time) on the day of sale submit to the Clearing House the identity of the seller.
2. The seller shall provide details about the cheese, to the Clearing House by 12:00 noon (Chicago time) on the business day after the date of sale.
3. The seller shall, by 3:00 p.m. (Chicago time) on the business day after the day of sale, notify the Clearing House if the cheese is to be graded.
4. The seller may demand payment in full by wire transfer before making shipment. Such demand must be made by the seller upon the date of sale and evidence of the receipt of such demand by the buyer must be filed with the Clearing House in the form of either an electronic acknowledgment or a copy of a wire sent to the seller on the date of the sale.
5. Upon receipt of buyer's instructions, seller shall immediately make shipment in accordance therewith. If the seller is unable to obtain shipping facilities, seller shall promptly notify buyer of its inability to obtain shipping facilities and ship at the earliest opportunity. Cheese shall be loaded on truck and shipped as directed by the buyer. All other transportation charges shall be borne by the buyer.
6. Proof of delivery (i.e. bill of lading or warehouse form showing ownership transfer) shall accompany the invoice and seller shall submit copies of the documents to the Clearing House no later than 5 business days after the buyer receives the product.

Buyer's Duties

1. The buyer shall, by 3:00 p.m. (Chicago time) on the day of sale, submit to the Clearing House the identity of the buyer.
2. The buyer shall, by 3:00 p.m. (Chicago time) on the business day after the day of sale, notify the Clearing House if the cheese is to be graded.
3. The buyer shall be responsible for arranging and providing transportation for the cheese. The buyer shall deliver instructions for shipping and routing to final destination via the Clearing Houses online deliveries system by 12:00 noon (Chicago time) on the third business day after the day of sale. If the buyer fails to deliver such instructions within the required time or if the buyer fails to pick up the cheese at the specified date and time, the seller shall either store the cheese and charge the buyer the generally accepted commercial monthly rate or ship the cheese by truck or rail to the buyer at the buyer's main warehouse.
4. The buyer shall pay for the cheese within 3 business days after the date of the invoice covering the cheese.

Clearing House Responsibilities

The Clearing House shall make available an invoice that specifies the date and price of sale, adjusted for moisture content when applicable. The freight differential, if any, shall be credited to the buyer on the invoice.

1206.D. Deviations And Allowances

Adjustment for Moisture Content

Adjustments in price for moisture content shall be made for carloads of cheese in barrel style in accordance with this Rule. Cheese in the 40# block style shall not be subject to price adjustment for moisture content. No cheese exceeding 37.7% moisture content shall be invoiced on the moisture basis.

Where applicable, the price adjustment for moisture content shall be invoiced according to the following Rules:

The price specified on the board, which shall be known as the stated price, shall be adjusted for moisture content in accordance with the moisture price adjustment tables as provided by CME Spot Market.

In adjusting the stated price for moisture content the measured moisture shall be rounded to the nearest one-half percent. For example, if the measured moisture is 36.2 percent, it shall be considered to be 36 percent moisture, while if the measured moisture is 36.3 percent, it shall be rounded to 36.5 percent moisture.

The seller of cheese on the moisture basis shall furnish the buyer and to CME Spot Market, a manifest

showing for each vat the seller's lot number, date and vat number, number of boxes, weight, moisture test, price per pound and extension in dollars and cents.

Weight

The delivered carload may vary between 40,000 and 44,000 pounds in gross weight. Payment shall be made on the basis of the exact net weight delivered, with cheese delivered in steel barrels receiving a 3-cent per pound discount.

Delivery Points

Cheese may be delivered at any point within the continental United States. Cheese delivered from points more than 300 miles from Green Bay, Wisconsin, shall be subject to a freight differential. The freight differential shall be deducted from the gross weight and shall be the amount by which the cost of shipment from the shipping point to Green Bay, Wisconsin, exceeds the cost of shipment for 300 miles. To comply with this Rule, distance from the shipping point to Green Bay shall be arrived at by reference to the current issue of the Household Goods Carriers' Bureau Mileage Guide. The cost of shipment shall be determined by reference to a table provided from time to time by CME Spot Market based on reasonable competitive rates per mile for minimum load of 44,000 pounds gross weight. In no event shall the deduction for the freight differentials exceed the actual cost of shipment as noticed by the buyer's shipping and routing instructions. The freight differential to be deducted is the lower of the Green Bay delivery point or the actual mileage exclusive of the first 300 miles to the noticed delivery point. See the notes at the end of this chapter for tables used in determining freight differentials and for examples of calculations.

1206.E. Packaging

All containers used in the packaging of cheese sold on CME Spot Market shall meet the requirements of all applicable Federal and State laws and the applicable requirements of the Consolidated Freight Classification, sometimes known as the Uniform Freight Classification, and of the National Motor Freight Classification.

Cheese shall be packed according to the following specifications:

1. 40# Block

Cheese in 40# block style shall be wrapped in a sealed film resulting in an airtight package and shall be packed in corrugated or solid fiberboard containers with a reinforcing inner liner or sleeve.

2. Steel Barrels

The barrel shall be an airtight 16 gauge steel, straight side, universal style drum with full open removable head and bolt locking ring closure. It shall be 55 gallon capacity with inside dimensions of 22 ½" diameter by 33 ½" depth.

The closing ring shall be 12 gauge steel, type 17-H, either dipped or sprayed with aluminum enamel, with forged lugs—one flanged and the other drilled and threaded to accommodate a 5/8" National Coarse, zinc or cadmium plated bolt.

The barrel cover or head shall have 2" I.P.S. Reike zinc plated fitting with rubber plug gasket (No. GK-43-W supplied by Reike Metal Products Co., Auburn, Indiana), or equivalent.

The barrel cover gasket shall be white, odorless, tasteless, non-toxic, fat resistant rubber. Gasket dimensions shall be 3/8" outside diameter, 1/8" inside diameter, approximately 70" long, vulcanized endless, 75 to 80 durometer on "A" scale. It shall be free of extrusion marks or ridges.

Barrels shall be lined with not less than .0015" thick polyethylene bag liner not less than 36" wide by 62" long.

3. Barrels Other than Steel

Barrel cheese in containers other than steel shall meet the specifications of USDA as set forth in "Announcement DAIRY-7, Purchase of Bulk Dairy Products", as amended from time to time or as such specifications are modified as follows:

A. Fiber barrels

- (1) Sidewalls shall consist of Kraft liner board or equivalent which has been convolutely or spirally wound using sodium silicate adhesive or equivalent, shall be constructed with a minimum of six plies and have a thickness of not less than .07 inches. Bursting strength of the sidewall shall be a minimum of 600 lbs. PSI.
- (2) Inside dimensions of the sidewalls shall measure between 22½" and 23½" in diameter with a height of between 33" and 35".
- (3) Sidewalls may be manufactured with one open end to use one cover or two open ends which require two covers.
- (4) Top and bottom covers shall be manufactured of Kraft liner board with a minimum of six plies glued

together with the same adhesive as sidewalls. Bursting strength of the covers shall be a minimum of 800 lbs. PSI.

- (5) Covers shall be coated, waxed or laminated for protection from the effects of free whey.
- (6) Top and bottom covers shall be secured to the sidewall body with ½" to ¾" wide flat steel strapping with a minimum breaking strength of 300 lbs. Strapping shall be applied straight and sufficiently taut to embed into the edges of the barrel, but not to the extent of cutting, tearing or damaging the barrel.
- (7) Fiber barrels which are pallet loaded shall be strapped together, 4 barrels per pallet. The steel banding shall have a minimum breaking strength of 1,400 lbs. and be applied straight around the 4 barrels 8" to 10" from the top.

B. Corrugated Fiberboard Barrels

Body construction may be comprised of one or two parts. The shape may be round, hexagonal or octagonal. The covers may be an integral folding part of the barrel body or may be a separate part of the barrel.

(1) Two Body Parts

Barrels which are comprised of two body parts (body and inner sleeve or tube) shall meet the following minimum specifications:

- a. The outer body may consist of a single wall corrugated fiberboard 180 lb. natural Kraft B flute with a minimum bursting strength of 350 lbs. PSI. The body joint shall be overlapped a minimum of 3 inches and glued.
- b. The inner corrugated fiberboard tube shall be made of double wall 106 lb. natural Kraft, A-B or B-C flute with a minimum bursting strength of 350 PSI. This liner shall be the same height as the body of the barrel.
- c. Top and bottom cover material shall meet the minimum standards for body construction. The covers shall be coated, waxed or laminated to protect them from the effects of free whey. Covers shall be designed with an interlocking feature of cover to barrel body. Both covers shall be secured to the barrel body with steel strapping.
- d. When the sidewall body does not contain a minimum of three strands of sesame tape or equivalent reinforcing as an integral part of the body, then those barrels shall have two straps of steel banding around the body. This strapping shall be sufficiently taut, applied straight and equally spaced for added body strength.
- e. Steel strapping shall be ½" or larger with a minimum breaking strength of 300 lbs.
- f. Maximum overhang on a standard 40 X 48 pallet shall be four inches. Pallet loaded barrels shall be banded together as required by subparagraph 3A of this Rule.
- g. Barrel liners shall be USDA approved as outlined in "Announcement DAIRY-7, Purchase of Bulk Dairy Products as amended from time to time."

(2) Single Body

Barrels which are comprised of one body part shall meet the following minimum specifications:

- a. Double wall corrugated material which has B, AB or BC flutes. Minimum bursting strength shall be 500 PSI.
- b. Barrels with folding covers but without an interlocking feature shall be taped closed with a wide waterproof tape of adequate strength to hold the closure securely.
- c. Covers which are a separate part of the barrel shall comply with subparagraph 3B(1)c.
- d. Barrels manufactured without sesame tape or equivalent body reinforcement shall be body banded as in B(1) above.
- e. Maximum overhang on a standard 40 X 48 pallet shall be 3 inches. Pallet loaded barrels shall be banded together as required by subparagraph 3A of this Rule.
- f. Barrel liners shall be USDA approved as outlined in "Announcement DAIRY-7, Purchase of Bulk Dairy Products as amended from time to time."

C. Performance Criteria for Fiber and Corrugated Fiberboard Barrels:

- (1) Barrels shall be clean and dry. They may contain stains from free whey providing the area has dried out and has not damaged the barrel.
- (2) Barrels may not be split, torn or contain any holes except for the sampling hole.
- (3) Barrels shall maintain their original shape, however, hexagonal and octagonal barrels may show slight rounding of the body.
- (4) Barrels must withstand a minimum stacking height of 3 pallet loads without distorting or damaging

the bottom barrels.

(5) The maximum head space on all types of barrels shall be 1 ½ inches.

(6) Whenever in these Rules a bursting strength is specified, it shall refer to the Mullen test.

Any claim that cheese containers do not meet the above stated performance criteria must be made within thirty calendar days of delivery to buyer and any dispute shall be reported to CME Spot Market and settled by arbitration by a Member Panel as set forth in Rule 1202.A. which may, in addition to other sanctions permitted by these Rules, require seller to replace barrels not meeting said performance criteria and/or compensate buyer for any damages buyer has sustained by virtue of the barrels not meeting performance criteria.

1206.F. Inspection

Buyer or seller may demand inspection of cheese for grade and weight before it is shipped. Such inspection shall be made prior to shipment at seller's facilities or at a warehouse near the seller's facilities and cost to be borne by the party requesting the grade. Such inspection shall be made by an independent third party grader such as a Wisconsin State Grader or a U.S. Government Grader. The results of such inspection, grading or weighing shall be final and binding to both parties.

If an inspection is requested the following deadlines shall apply.

1. Buyer shall pay 90% of the amount invoiced within 3 business days after the day of invoice, and the balance when grading is complete.
2. If the cheese delivered fails to meet specifications as stated in these Rules a claim shall be made in writing to the seller with a copy delivered to the Clearing House within two business days of grading issuance.

If the buyer inspects and accepts the cheese or if he waives inspection, he cannot thereafter dispute the grade or weight of the cheese delivered to him.

Any cheese in dispute shall be properly stored by the Person having possession.

1206.G. Delivery Procedures

The buyer must pick up the cheese no later than 6 business days after the date of sale, unless an inspection is call for by the buyer or seller. In which case, the buyer will receive additional calendar days for pick up depending on the age of cheese on the day of sale.

1. Seven (7) additional calendar days for cheese between ten and thirty days old.
2. Ten (10) additional calendar days for cheese between four and nine days old.

For loads that receive a failing grade, the following will take place:

3. A seller will have a replacement load available for pick up 3 business days after issuance.
4. A buyer will pick up the replacement load 3 business days after the load is made available from the seller.
5. Cheese failing to meet grade will be replaced with cheese meeting the requirements as stated in these Rules or should be of like requirements of the original load.
6. Documentation of replacement and pick up sent to the Clearing House within two business days.
7. Any claim regarding performance by the buyer or seller of the Rules of this Section shall be reported to the Clearing House within Ten (10) calendar days of delivery.

The Market Regulation Department has the authority to perform audits of all market participants.

1206.H. Associated Costs

Container and Pallet Charges

Seller shall invoice and buyer shall deposit with seller the sum of \$34.00 per steel barrel plus the amount of any sales or other tax which would be imposed in the event of a forfeiture of said deposit. If he notifies seller at or prior to delivery, the buyer may, within 60 calendar days of receipt thereof, return to seller on a freight prepaid basis, identical barrels or barrels of like specification and in approximately the same condition. All returned barrels must have been cleaned, and washed and waxed. Seller shall, upon receipt of such barrels, refund to buyer the amount deposited with seller plus any excess freight charge. The excess freight charge shall be the amount by which the actual return freight on empty barrels exceeds the freight cost from buyer's shipping point to Green Bay, Wisconsin.

Failure of buyer to return containers within the time and in the condition called for in this Rule shall be reported to CME Spot Market and settled by arbitration by a Member Panel as set forth in Rule 1202.A. which may assess damages in favor of seller for double the value of the containers.

Seller shall invoice and buyer shall pay to the seller the sum of \$5 per barrel for cheese in containers other than steel.

Cheese in block style must be loaded on pallets for shipping. Seller must note whether barrel style cheese is floor or pallet loaded. Buyer must arrange for full CME Spot Market of pallets or make payment at \$7 per pallet.

1206.I. Settlement Of Disputes

All disputes arising from the operation of this Section, except for disputes noted under Rule 1206.F., shall be arbitrated under the provisions of the Rules of CME Spot Market Inc.

1206.J. CME Spot Market Fees

A fee of \$25 per carlot shall be paid to CME Spot Market by both the buyer and the seller.

1206.K. Failure To Perform

If the seller fails to deliver at the required time, he shall be in default, except that the Chief Regulatory Officer or his designee may extend the time to deliver for good cause shown, an additional three hours. In the event a seller defaults, he shall be penalized \$.10 per pound plus the advance, if any, from the purchase price to the full market price on the day of tender. The Chief Regulatory Officer or his designee, at its sole discretion, shall determine such market price by taking account of bona fide sales and quotations on such date including any purchase by the buyer to replace the defaulted delivery.

If the buyer fails to accept delivery, he shall be penalized \$.10 per pound plus the decline, if any, from the purchase price to the full market price on the day of tender, as determined by the Chief Regulatory Officer or his designee] in the above stated manner. Payment shall be made as above.

With the exception of Force Majeure, any failure to meet the deadlines set forth within this Section will subject one or both parties to a penalty of \$500 per contract, per calendar day payable to CME Spot Market at the close of each day. Repeated failure may result in suspension of trading privileges or expulsion for one or both parties.

Sellers or Buyers who submit late, materially incomplete or erroneous delivery information or who cause material adjustments to delivery information shall be fined \$200 per contract per day, payable to the buyer or seller depending on the party that is harmed.

**INTERPRETATIONS AND SPECIAL NOTICES
RELATING TO RULE 1206**

INTERPRETATION TO RULE 1206.D. ADJUSTMENT FOR MOISTURE CONTENT

The method used in computing the moisture price adjustment tables noted in Rule 1206.D. is as follows:

1. Legal cheddar cheese may contain 39% moisture; therefore, 61% of solids. A cheese containing 37% moisture would have 63% solids, etc.
2. Price to be paid for 37% cheese on a "dry basis" where market level is 52.75 cents for 39% moisture would be figured: multiply solids (100 less 37 equals 63) by market price (52.75) and divide by 61 (100 less 39).
This gives the price per pound of 37% cheese as compared to 39% cheese at the 52.75 cent market level (54.48 cents)
3. For 35% cheese on basis of 52.75 cents for 39% cheese: 65 times 52.75 divided by 61 equals 56.21 cents.

INTERPRETATION TO RULE 1206.D. DELIVERY POINTS

Table for use in determining freight differential to be deducted from the sale price pursuant to Rule 1206.D.:

Miles from delivery point to Green Bay, WI	Deduction per hundredweight on gross weight of invoice
300-319	\$.03
320-339	.07
340-359	.11
360-379	.15
380-399	.20
400-419	.24
420-439	.29
440-459	.34
460-479	.40
480-499	.45
500-519	.50
520-539	.55
540-559	.61
560-579	.66
580-599	.71
600-619	.76
620-639	.82
640-659	.87
660-679	.92
680-699	.97
700-729	1.03
730-759	1.10
760-789	1.17
790-819	1.25
820-849	1.34
850-879	1.42
880-909	1.50
910-939	1.57
940-969	1.64
970-999	1.73
1000-1029	1.80
1030-1059	1.88
1060-1089	1.94
1090-1119	2.02
1120-1159	2.10
1160-1199	2.18
1200-1239	2.26
1240-1279	2.36
1280-1319	2.45
1320-1359	2.54
1360-1399	2.62
1400-1439	2.72

1440–1479	2.82
1480–1519	2.90
1520–1559	3.00
1560–1599	3.09
1600–1649	3.18
1650–1699	3.28
1700–1749	3.39
1750–1799	3.50
1800–1849	3.62
1850–1899	3.72
1900–1949	3.83
1950–1999	3.93
2000–2049	4.05
2050–2099	4.16
2100–2149	4.27
2150–2199	4.38
2200–2249	4.49
2250–2299	4.60
2300–2349	4.71
2350–2399	4.82
2400–2449	4.93

Examples of calculations for freight differentials:

		Example 1	Example 2	Example 3	Example 4	Example 5
A.	Seller location	Eau Claire, WI	Twin Falls, ID	Dallas, TX	Fresno, CA	Mankato, MN
B.	Seller mileage to Green Bay	194	1,586	1,095	2,218	343
C.	Seller deduction per cwt. gross wt. vs. Green Bay	\$0.00	\$3.09	\$2.02	\$4.49	\$0.11
D.	Buyer location	Milwaukee, WI	Ogden, UT	Springfield, MO	Mankato, MN	East Atlantic City, NJ
E.	Buyer mileage to Seller	234	184	421	1,895	1,230
F.	Seller deduction per cwt. gross wt. vs. buyer	\$0.00	\$0.00	\$0.29	\$3.72	\$2.26
G.	Net Seller deduction per cwt. (lesser of C. or F.)	\$0.00	\$0.00	\$0.29	\$3.72	\$0.11

Example 1: The seller to buyer mileage (E) is greater than the seller to Green Bay mileage (B). Both are less than 300 miles. The seller pays \$0 freight differential.

Example 2: The seller to buyer mileage (E) is less than the seller to Green Bay mileage (B). The seller to buyer mileage is also less than 300 miles. The seller pays \$0 freight differential.

Example 3: The seller to buyer mileage (E) is less than the seller to Green Bay mileage (B). Both are greater than 300 miles. The seller to buyer mileage applies. The seller pays \$0.29 freight differential.

Example 4: The seller to buyer mileage (E) is less than the seller to Green Bay mileage (B). Both are greater than 300 miles. The seller to buyer mileage applies. The seller pays \$3.72 freight differential.

Example 5: The seller to buyer mileage (E) is greater than the seller to Green Bay mileage (B). Both are greater than 300 miles. The seller to Green Bay mileage applies. The seller pays \$.11 freight differential.

1207. SPOT CALL DRY WHEY

1207.A. Commodity Specifications

The dry whey is the product resulting from drying fresh whey which has been pasteurized and to which nothing has been added as a preservative. It shall conform to the applicable provisions of 21 CFR 184.1979. On the day of sale, the dry whey shall be less than 120 days old. All dry whey shall be certified Kosher by a Rabbinical Service that provides Kosher classification. The methods of analysis shall be those specified by the USDA.

All dry whey sold on the CME Spot Market shall have been produced in facilities that at the time of production have been surveyed and approved by **one or more of the following**: The Grading Service of the USDA and are on the eligible list of that Service or on the U.S. Department of Health and Human Services, Public Health Service, Food and Drug Administration IMS List, Sanitation Compliance and Enforcement Ratings of Interstate Milk Shippers, **or on the appropriate state agency inspection list.**

Definitions

1. The "spot call" is the procedure for trading and delivering dry whey as more fully set forth in this Rule.
2. The "day of sale" is the day on which trading on the spot call is conducted.
3. A "carlot" consists of between 41,000 and 45,000 pounds, net weight, of dry whey, which must be manufactured on or before the day of sale. No carlot shall consist of more than 3 sublots and each carlot shall be manufactured by a single plant.

Grade

U.S. Extra Grade

Dry Whey sold as U.S. Extra Grade shall have a milkfat content of no more than 1.50 percent and a moisture content of not more than 5.0 percent. Its bacterial estimate of not more than 30,000 per gram standard plate count and its coliform count of less than 10 per gram. Its scorched particles content shall be not more than 15.0 per gram and its titratable acidity shall not be more than 15.0 mg.

1207.B. Spot Call

Trading Schedule

Contracts shall be scheduled for trading and delivery during such hours and days as may be determined by CME Spot Market.

Price Fluctuations

The minimum price fluctuation shall be \$0.0025 per pound. The first posted bid (offer) of each trading session shall not be more than \$0.01 higher (lower) than the last market price noted for the previous session. Subsequent bids (offers) that would establish or change the market price for the current session, or any responses to posted offers (bids) higher (lower) than the last market price, shall be made in price increments not to exceed \$0.01 per pound from the last market price.

Posting Bids and Offerings

A spot load can only be sold on CME Spot Market when, at the time of offering, the seller has documented possession/ownership of a deliverable load.

Quantities Bid and Offered

An offer to sell or bid to buy more than one carlot may be accepted in part or in full.

Contract Modifications

All deliveries must conform to government regulations in force at time of delivery. If any federal governmental agency issues an order, ruling, directive or law that conflicts with the requirements of these Rules, such order, ruling, directive or law shall be construed to take precedence and become part of these Rules.

1207.C. Settlement Procedures

Seller's Duties

1. The seller shall, by 3:00 p.m. (Chicago time) on the day of sale, submit to CME Spot Market the identity of the seller.
2. The seller shall, by 3:00 p.m. (Chicago time) on the day of tender, which shall be the third business day after the day of sale, deliver to the Clearing House the following:
 - a) A tender notice
 - b) The Certificate of Analysis that shows the results of the tests for fat and moisture content, bacterial estimate, coliform, scorched particles, and titratable acidity. The requirements of this section

(1207.C.2.b.) will be met if the information necessary to affect delivery is communicated to the Clearing House by the seller prior to 3:00 p.m. (Chicago time) on the day of tender and if the Certificate of Analysis is sent the same day by mail.

- c) Any other documentation required by CME Spot Market.
3. The seller may demand payment in full by wire transfer before making shipment. Such demand must be made by the seller upon the date of sale and evidence of the receipt of such demand by the buyer must be filed with the Clearing House in the form of either an electronic acknowledgment or a copy of a wire sent to the seller on the date of the sale.
 4. Upon receipt of buyer's instructions, seller shall immediately make shipment in accordance therewith. If the seller is unable to obtain shipping facilities, seller shall promptly notify buyer of its inability to obtain shipping facilities and ship at the earliest opportunity. Dry whey shall be loaded on truck and shipped as directed by the buyer. All other transportation charges shall be borne by the buyer.
 5. Proof of delivery (i.e. bill of lading or warehouse form showing ownership transfer) shall accompany the invoice and seller shall submit copies of the documents to the Clearing House no later than 5 business days after the buyer receives the product.

Buyer's Duties

1. The buyer shall, by 3:00 p.m. (Chicago time) on the day of sale, submit to the Clearing House the identity of the buyer.
2. The buyer shall, by 3:00 p.m. (Chicago time) on the business day after the day of sale, notify the Clearing House if the dry whey is to be inspected.
3. The buyer shall be responsible for arranging and providing transportation for the dry whey. The buyer shall deliver instructions for shipping and routing to final destination via the Clearing House's online deliveries system by 12:00 noon (Chicago time) on the third business day after the day of sale. If the buyer fails to deliver such instructions within the required time or if the buyer fails to pick up the dry whey at the specified date and time, the seller shall either store the dry whey and charge the buyer the generally accepted commercial monthly rate or ship the dry whey by truck or rail to the buyer at the buyer's main warehouse.
4. The buyer shall pay for the dry whey within 3 business days after the date of the invoice covering the dry whey.

Clearing House Responsibilities

The Clearing House shall make available an invoice that specifies the date and price of sale. The freight differential, if any, shall be credited to the buyer on the invoice.

1207.D. Deviations and Allowances

The delivered carlot may vary between 41,000 and 45,000 pounds in net weight. Payment shall be made on the basis of the exact net weight delivered.

Delivery Points

Delivery may be made only from approved plants or approved warehouses within the 48 contiguous states. Par delivery of dry whey shall be made from approved warehouses or approved plants in Chicago. Deliveries made from approved warehouses or approved plants outside of Chicago shall be subject to a freight allowance determined by CME Spot Market as follows: up to 400 miles outside Chicago with a discount of \$0.0125 per pound; between 400 and 800 miles outside Chicago with a discount of \$0.025 per pound; between 800 and 1200 miles outside of Chicago with a discount of \$0.0325 per pound; between 1200 and 1600 miles outside Chicago with a discount of \$0.040 per pound; and beyond 1600 miles outside Chicago with a discount of \$0.055 per pound. The allowance shall be calculated on the net weight delivered.

1207.E. Packaging

The dry whey shall be packaged in multiwall paper bags of either 25-kilogram or 50-pound net capacity. The bag shall be constructed of a minimum of 3 walls of flat or extensible kraft paper and a minimum 2.0 mil (guaranteed) low-density polyethylene food grade liner. The total basis weight of the walls of paper shall be a minimum of 160 pounds when flat kraft or extensible paper is used. All bags shall show the name and location of the manufacturing plant or a USDA plant number, the manufacturer's lot and subplot number, net weight, the date of manufacture, and the grade.

The closure for the bag shall meet one of the two following descriptions:

1. The bottom and top closures of the bag shall be closed by sewing through all walls of the outer bag with 12/6 needle and 12/5 cotton looper thread, or a comparable strength or with a single thread chain stitch with a 12/6 thread. The stitches shall be spaced 3.0 to 3.6 to the inch and not less than 3/8 inch and not more

than 3/4 inch from the top and bottom ends of the bag. The stitches along the bottom and top of the bag shall be covered with not less than 70-pound basis weight flat extensible or low stretch creped kraft tape.

2. The bottom and top of the bag shall be closed to provide a tight seal using hot-melt or thermoplastic adhesive applied along the top edge of the long side of the bag extending downward at least 1-3/8 inches. The fold line of the closure shall be 1-5/8 inches plus or minus 3/8 inch below the top edge of the long side of the bag. The outer wall of the bag shall be stepped at the bottom and top foldover flap beyond all inner walls in order to provide a positive seal over the ends of the inner walls.

1207.F. Inspection

Buyer or seller may demand inspection of dry whey for grade before it is shipped. Such inspection shall be made prior to shipment at seller's facilities or at a warehouse near the seller's facilities and cost to be borne by the party requesting the grade. Such inspection shall be made by an independent lab and the results of such inspection shall be final and binding to both parties.

If an inspection is requested the following deadlines shall apply.

1. Buyer shall pay 90% of the amount invoiced within 3 business days after the day of invoice, and the balance when inspection is complete.
2. If the dry whey delivered fails to meet specifications as stated in these Rules a claim shall be made in writing to the seller with a copy delivered to the Clearing House within two business days of inspection issuance.

If the buyer inspects and accepts the dry whey or if he waives inspection, he cannot thereafter dispute the grade of the dry whey delivered to him.

Any dry whey in dispute shall be properly stored by the person having possession.

1207.G. Delivery Procedures

The buyer must pick up the dry whey no later than 6 business days after the date of sale, unless an inspection is called for by the buyer or seller, in which case, the buyer will receive an additional 16 calendar days for pick up.

For loads that receive a failing grade, the following will take place:

1. Dry whey failing to meet the requirements will be replaced with dry whey meeting the requirements as stated in these Rules.
2. A seller will have a replacement load available for pick up 3 business days after issuance of the inspection certificate.
3. A buyer will pick up the replacement load 3 business days after the load is made available from the seller.
4. Documentation of replacement and pick up will be sent to the Clearing House within two business days after pick up.
5. Any claim regarding performance by the buyer or seller of the Rules of this Section shall be reporting to the Clearing House within Ten (10) calendar days of delivery.

The Market Regulation Department has the authority to perform audits of all market participants.

Proper Handling by the Seller

If an inspection is requested at buyer's location, the seller shall be responsible for loading according to industry practice. The bill of lading shall be prepared by the seller. The seller and the driver shall jointly seal the truck promptly upon completion of loading. The buyer may, at his option, request check loading by the USDA at origin.

Proper Handling by the Buyer

If an inspection is requested at buyer's location, the buyer shall be accountable for proper handling during transit and storage until the conclusion of the grading at the buyer's location and appeal grading, if any. Upon arrival at the buyer's location, the buyer and the driver shall jointly unseal the truck. The seller may, at his option, request check loading by the USDA at the buyer's location.

Appeal Grading

Following an inspection at the buyer's location, the Clearing House shall promptly inform the seller of the results. A request may then be made by the seller for an appeal inspection. Requests for such appeal must be presented to the Clearing House no later than 11:00 a.m. (Chicago time), one business day after notification to the seller of the results of the inspection at the buyer's location. Appeal inspections shall be conducted by an independent lab. Applications for appeal inspections will be accepted or rejected in accordance with industry regulations and the results of the appeal inspection shall be final.

Revocation of Plant Approval

If upon valid inspection at the buyer's location according to these Rules, portions of three or more carlots which have been shipped directly from the same manufacturing plant fail to meet the contract requirements within a single 12-month period, then the delivery approval of the plant may be revoked. Any dry whey originating in such plant after the date of such revocation and put into storage shall also be ineligible for delivery on the spot call.

1207.H. Associated Costs

Delivery from Warehouse

If an inspection is requested, and it indicates that the product is not equal to or better than the requirements specified by the terms of sale, the seller shall be responsible for storage charges until the seller or buyer provides the Clearing House with a certificate of analysis indicating that the product is equal to or better than the requirements specified by the terms of sale. At that point, the buyer shall be responsible for storage charges for the remainder of the storage month. The buyer's share shall be computed by dividing the prevailing monthly storage rate by 30, raising the quotient to the nearest five cents and multiplying by the number of days remaining until the next expiration date (all months figured as 30 days). Storage charges shall be paid in advance by the seller and the pro rata share due from the buyer shall be added to and shown on the tender notice. All charges for handling prior to the day that the seller or buyer provides the Clearing House with a certificate of analysis indicating that the product is equal to or better than the requirements specified by the terms of sale shall be borne by the seller. All charges incurred thereafter shall be borne by the buyer.

Delivery from Plant

If the buyer does not remove the dry whey from the plant of the seller on or before 3:00 p.m. local time on the fifth business day after the day of sale, the buyer shall be obligated to pay \$0.005 per pound for each subsequent calendar day, up to and including the day the dry whey is removed. The seller must, within two business days after removal of the dry whey, invoice such amounts to the buyer and send a copy of such invoice to CME Spot Market. The buyer shall make payment to the seller.

Only the original manufacturing plant can deliver the carlot from its plant. If that carlot is to be resold on CME Spot Market it must be moved to an approved warehouse before it can be sold.

Costs of Grading and Appeal Grading

The costs of all examinations, documentation and related services performed by independent labs for inspection at the buyer's or seller's location and appeal grading, if any, and the costs of CME Spot Market documentation and related services, such as repackaging after examination, shall be borne by the buyer if the requirements for each subplot specified by the terms of sale is upheld, and by the seller if it is not.

Container and Pallet Charges

Dry whey must be loaded on pallets for shipping. Buyer must make payments at \$12.50 per pallet.

1207.I. Settlement of Disputes

All disputes arising from the operation of this Section shall be arbitrated under the provisions of the Rules of CME Spot Market.

1207.J. CME Spot Market Fees

A fee of \$25.00 per carlot shall be paid to CME Spot Market by both the buyer and the seller.

1207.K. Failure to Perform

If the seller fails to deliver at the required time, he shall be in default, except that the Chief Regulatory Officer or his designee may extend the time to deliver for good cause shown, an additional three hours. In the event a seller defaults, he shall be penalized \$0.10 per pound plus the advance, if any, from the purchase price to the full market price on the day of tender. The Chief Regulatory Officer or his designee, at its sole discretion, shall determine such market price by taking account of bona fide sales and quotations on such date including any purchase by the buyer to replace the defaulted delivery.

If the buyer fails to accept delivery, he shall be penalized \$0.10 per pound plus the decline, if any, from the purchase price to the full market price on the day of tender, as determined by the Chief Regulatory Officer or his designee in the above stated manner. Payment shall be made as above.

With the exception of Force Majeure, any failure to meet the deadlines set forth within this Section will subject one or both parties to a penalty of \$500 per contract, per calendar day payable to CME Spot Market at the close of each day. Repeated failure may result in suspension of trading privileges or expulsion for one or both parties.

Sellers or Buyers who submit late, materially incomplete or erroneous delivery information or who cause material adjustments to delivery information shall be fined \$200 per contract per day, payable to the buyer or seller depending on the party that is harmed.

12078. LIMITATION OF LIABILITY

- A. EXCEPT AS PROVIDED BELOW, CHICAGO MERCANTILE EXCHANGE INC, INCLUDING THE CME SPOT MARKET (THE "EXCHANGE"), THE BOARD OF TRADE OF THE CITY OF CHICAGO, INC. ("CBOT"), NEW YORK MERCANTILE EXCHANGE, INC. ("NYMEX") (INCLUDING EACH OF THEIR RESPECTIVE SHAREHOLDERS) (INCLUDING EACH OF THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, LICENSORS, MEMBERS, AND CLEARING MEMBERS, SHALL NOT BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), ARISING FROM:
- i. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE EXCHANGE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY MEMBERS AND AUTHORIZED EMPLOYEES OF MEMBERS, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, FIRMWARE AND PRINTERS RELATING THERETO; OR
 - ii. ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY SYSTEM OR SERVICE OF THE EXCHANGE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR
 - iii. ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE OR ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES; OR
 - iv. ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM.

A PARTY WHO HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WILLFUL OR WANTON MISCONDUCT MAY NOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE.

- B. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR USE) PROVIDED BY THE EXCHANGE, CBOT, OR NYMEX (INCLUDING THEIR RESPECTIVE SUBSIDIARIES AND AFFILIATES), THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, AND LICENSORS RELATING TO ANY SYSTEMS OR SERVICES OF THE EXCHANGE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES INCLUDING THE CME DIRECT AUCTION PLATFORM.
- C. ANY DISPUTE ARISING OUT OF THE USE OF SYSTEMS OR SERVICES OF THE

EXCHANGE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES IN WHICH THE EXCHANGE (INCLUDING ITS SUBSIDIARIES AND AFFILIATES), OR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS OR LICENSORS IS A PARTY SHALL BE ARBITRATED PURSUANT TO EXCHANGE RULES. ANY ARBITRATION SHALL BE BROUGHT WITHIN THE PERIOD PRESCRIBED BY EXCHANGE RULES. ANY OTHER ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE ABOVE MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THAT A CAUSE OF ACTION HAS ACCRUED. THIS PARAGRAPH C SHALL IN NO WAY BE CONSTRUED TO LIMIT A PARTY'S OBLIGATION TO ARBITRATE ITS CLAIM OR TO CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE AN ACTION THAT WOULD OTHERWISE BE PROHIBITED BY EXCHANGE RULES. IF FOR ANY REASON, A COURT OF COMPETENT JURISDICTION FINDS THAT SUCH DISPUTE IS NOT ARBITRABLE, SUCH DISPUTE MAY ONLY BE LITIGATED IN THE COUNTY OF COOK IN THE STATE OF ILLINOIS AND WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS WITHOUT REGARD TO ANY PROVISIONS OF ILLINOIS LAW THAT WOULD APPLY THE SUBSTANTIVE LAW OF A DIFFERENT JURISDICTION.

D. THE EXCHANGE, CBOT AND NYMEX MAY, IN THEIR SOLE DISCRETION, ASSUME

RESPONSIBILITY FOR DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE NEGLIGENCE OF GLOBAL COMMAND CENTER OR OTHER EXCHANGE STAFF AND/OR ORDER STATUS ERRORS PROVIDED BY THE GLOBAL COMMAND CENTER. IF SUCH LIABILITY IS ACCEPTED, THE TOTAL AGGREGATE OBLIGATIONS FOR THE EXCHANGE, CBOT AND NYMEX SHALL NOT EXCEED \$200,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH. ANY DISPUTED CLAIM MADE UNDER THIS RULE MUST BE ARBITRATED PURSUANT TO EXCHANGE RULES.

E. IN NO EVENT SHALL THE COLLECTIVE TOTAL AGGREGATE LIABILITY FOR THE

EXCHANGE, CBOT AND NYMEX FOR ALL CLAIMS ARISING OUT OF ANY NEGLIGENCE, FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, ORDER STATusing ERRORS OR ANY OTHER CAUSES IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE EXCHANGE'S SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, OR THE NEGLIGENCE OF EXCHANGE STAFF, EXCEED \$200,000 IN ANY CALENDAR MONTH. IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS IN A SINGLE CALENDAR MONTH CANNOT BE FULLY SATISFIED BECAUSE OF THE MONTHLY LIABILITY LIMITATION, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT AVAILABLE FOR THAT MONTH.

Exhibit B

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Block Trades
Rule References	Rule 526
Advisory Date	March 6, 2018
Advisory Number	CME Group RA1802-5
Effective Date	March 12, 2018

Effective on trade date Monday, March 12, 2018, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1719-5RR from February 20, 2018. Effective on March 12, 2018, CME and CBOT will begin to offer trading on the CME Globex electronic trading platform of CME Three-Month Eurodollar (“ED”) futures versus CBOT 30-Day Federal Funds (“FF”) futures as an inter-commodity spread. For purposes of block trading, there will be no change to the current requirement that the quantity of the ED futures leg of the spread meets the minimum threshold applicable to ED futures, and the quantity of the FF futures legs of the spread meets the minimum threshold applicable to FF futures intra-commodity spreads. Additional information concerning block trading of this spread appears in Section 6 of this advisory notice.

Information on the recent establishment of block trade minimum thresholds for CME and CBOT Agricultural futures and options products is available on the CME Group website via the following link:

<http://www.cmegroup.com/trading/agricultural/relationship-based-trading-in-agricultural-products.html>

This Advisory Notice contains the following Sections:

1. [Definition](#)
2. [Participation](#)
3. [Different Accounts with Common Beneficial Ownership](#)
4. [Eligible Products](#)
5. [Time and Prices](#)
6. [Minimum Quantities](#)
7. [Block Trade Submission](#)
8. [Recordkeeping](#)
9. [Error Remediation](#)
10. [Dissemination of Block Trade Information](#)
11. [Use of Nonpublic Information](#)
12. [TAS & TAM Block Trades](#)
13. [Basis Trade at Index Close \(“BTIC”\) Block Trades](#)
14. [Text of Rule 526](#)
15. [Contact Information](#)

All block trades are subject to the conditions set forth in Rule 526 and in this Advisory Notice. Violations of the Rule or any of the requirements and prohibitions set forth in this Advisory Notice may result in disciplinary action.

1. Definition of Block Trades

Block trades are privately negotiated futures, options or combination transactions that meet certain quantity thresholds which are permitted to be executed apart from the public auction market.

It is not permissible to facilitate the execution of block trades in Exchange-traded products on a system or facility accessible to multiple parties that allows for the electronic matching of or the electronic acceptance of bids and offers. Parties may use communication technologies to bilaterally request block quotes from one or more participants and to conduct privately negotiated block trades. Parties may also utilize technologies supported by third parties which allow for the electronic posting of indicative block markets displayed to multiple market participants. However, block trades executed between parties based on such electronically displayed indicative markets may be transacted only through direct bilateral communications involving the broker, where applicable, and the parties to the trade.

2. Participation in Block Trades

Each party to a block trade must be an Eligible Contract Participant as that term is defined in Section 1a(18) of the Commodity Exchange Act. Eligible Contract Participants generally include exchange members and member firms, broker/dealers, government entities, pension funds, commodity pools, corporations, investment companies, insurance companies, depository institutions and high net-worth individuals. Commodity trading advisors and investment advisors who are registered or exempt from registration, and foreign persons performing a similar role and subject as such to foreign regulation, may participate in block transactions provided they have total assets under management exceeding \$25 million and the block trade is suitable for their customers.

A customer order may be executed by means of a block trade only if the customer has specified that the order be executed as a block trade.

3. Block Trades between Different Accounts with Common Beneficial Ownership

Block trades between different accounts with common beneficial ownership are prohibited unless 1) each party's decision to enter into the block trade is made by an independent decision-maker; 2) each party has a legal and independent bona fide business purpose for engaging in the block trade; and 3) the block trade is executed at a fair and reasonable price. In the absence of satisfying all the aforementioned requirements, the transaction may constitute an illegal wash trade prohibited by Rule 534 ("Wash Trades Prohibited"). Common beneficial ownership is defined as not only accounts with the same beneficial ownership, but also accounts with common beneficial ownership that is less than 100%.

4. Block-Eligible Products

A complete list of block eligible products may be found here:

[CME, CBOT, NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds](#)

The marketplace is notified of block trade minimum quantity thresholds and any changes thereto via a Special Executive Report issued by Research & Product Development. Interested market participants may receive these reports via email by visiting the CME Group Subscription Center located at:

<http://www.cmegroup.com/tools-information/subscriptions/advisory-subscribe.html>

5. Time and Prices of Block Trades

Block trades may be executed at any time, including times during which the public auction market is closed. Block trades may not be executed after the expiration of the underlying futures or options on futures contract month.

Block trades must be transacted at prices that are "**fair and reasonable**" in light of (i) the size of the transaction, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including, without limitation, the underlying

cash market or related futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade.

The trade price must be consistent with the minimum tick increment for the market in question. Additionally, each outright transaction and each leg of any block eligible spread or combination trade must be executed at a single price.

Block trade prices do not elect conditional orders (e.g. stop orders) or otherwise affect orders in the regular market.

6. Block Trade Minimum Quantities for Outrights, Spreads and Combinations

The block trade minimum quantity requirements for outright futures and outright options may be found using the link below.

In certain CBOT Agricultural futures and options products, block trades executed during Regular Trading Hours (“RTH”) are subject to a higher minimum threshold than block trades executed during either European Trading Hours (“ETH”) or Asian Trading Hours (“ATH”). The block trade minimum quantity requirements for these products may also be found using the link below. For purposes of determining which minimum threshold applies, RTH for CBOT Agricultural futures and options products is defined as 8:30 a.m. to 1:30 p.m. Monday through Friday on regular business days, and ETH and ATH are defined as 1:30 p.m. to 8:30 a.m. Monday through Friday on regular business days and at any time on weekends.

[CME, CBOT, NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds](#)

The bunching of block trade orders is not permitted except in the case of eligible CTAs or foreign Persons performing a similar role.

Information with respect to spreads and combinations executed as block trades appears below:

	CME and CBOT Products	NYMEX and COMEX Products
Intra-Commodity Futures Spreads and Futures Combinations	The <i>sum</i> of the quantities of the legs of the transaction must meet the minimum block quantity threshold.	The <i>sum</i> of the quantities of the legs of the transaction must meet the minimum block quantity threshold
	* Exceptions apply in intra-commodity Agricultural, Foreign Exchange, U.S. Treasury and S&P GSCI, S&P GSCI ER and Bloomberg Roll Select Commodity Index futures spreads	
Intra-Commodity Options Spreads and Options Combinations	<i>Each leg of the spread</i> must meet the designated minimum quantity threshold.	
Inter-Commodity Futures Spreads and Futures Combinations	<i>Each leg of the spread</i> must meet the <i>larger</i> of the threshold requirements for the underlying products.	The <i>sum</i> of the quantities of the legs of the transaction must meet the <i>larger</i> of the threshold requirements for the underlying products.
	** Exceptions apply in: i) Short Term Interest Rate Futures; ii) U.S. Treasury and 10-Year Sovereign Yield Spread Futures; and iii) Deliverable Interest Rate Swap Futures (“DSF”) & Deliverable Euro Interest Rate Swap Futures (“EUR IRS”) iv) U.S. Treasury Futures and Forward-Starting Libor Reference Interest Rate Swaps (“Treasury Invoice Spreads”)	
Inter-Commodity Options Spreads and Options Combinations	<i>Each leg of the spread</i> must meet the <i>larger</i> of the threshold requirements for the underlying products.	
Options/Futures Spreads	The options component of the spread must meet the minimum quantity threshold for the outright option or option combination and the quantity of futures executed must be consistent with the delta of the options component of the spread.	The options component of the spread must meet the minimum quantity threshold for the outright option or option combination and the quantity of futures executed must be consistent with the delta of the options component of the spread.
	*** Exceptions apply in Weather and Housing options/futures spreads	

*** Exceptions for Intra-Commodity Futures Spreads and Futures Combination:**

- i) Intra-Commodity Agricultural Futures Spreads

For intra-commodity CME and CBOT Agricultural futures spreads, each leg of the spread must meet the designated minimum quantity threshold.

- ii) Intra-Commodity Foreign Exchange Futures Spreads

For intra-commodity Foreign Exchange futures spreads, where the legs of the spread have different minimum quantity thresholds, the sum of the quantities of the legs of the transaction must meet the larger of the threshold requirements.

- iii) Intra-Commodity U.S. Treasury Futures Spreads

Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures. Parties may not execute contingent block trades in outright contracts to circumvent the prohibition on the execution of block trades in intra-commodity calendar spreads. Additionally, Tandem spreads (a trade combining calendar spreads in two different Treasury futures) may not be executed as block trades.

- iv) Intra-Commodity S&P GSCI, S&P GSCI ER and Bloomberg Roll Select Commodity Index Futures Spreads

For the above-referenced futures products, the block trade minimum is 50 contracts for each leg of the spread or combination. For example, the minimum quantity for an S&P GSCI calendar spread would require 50 contracts in each leg of the spread for a total of 100 contracts while a Bloomberg Roll Select Commodity Index futures butterfly would require a minimum volume of 200 contracts (50 contracts in each of the four legs of the butterfly).

**** Exceptions for Inter-Commodity Futures Spreads and Futures Combinations**

- i)a) Short Term Interest Rate Futures, excluding Three Month Eurodollar-30-Day Federal Funds (“ED-FF”) Spreads

In Short Term Interest Rate futures (Eurodollars, Eurodollar E-minis, Euribor, T-Bills, OIS, One-Month Eurodollar, Euroyen and 30-Day Fed Funds), inter-commodity futures spreads may be executed as block trades provided the sum of the legs of the spread meets the larger of the threshold requirements for the underlying products. For example, the minimum quantity thresholds for One-Month Eurodollar and Eurodollars during ETH are 200 and 2,000 contracts, respectively. Therefore, a block trade in the One-Month Eurodollar/Eurodollar spread can be executed provided the sum of the legs is at least 2,000 contracts.

- i)b) ED-FF Spreads

For ED-FF spreads, the quantity of the ED leg must meet the designated minimum quantity threshold applicable to ED futures and the sum of the FF legs must meet the minimum threshold for a FF intra-commodity spread, which permits summing the legs to meet the minimum threshold.

For example, if the block trade is negotiated using the Globex-defined ratio of 10 ED futures opposite three of each of the next two FF futures contract months, the minimum block trading threshold of the spread would require the purchase (sale) of 4,000 March ED futures and the sale (purchase) of 1,200 April FF futures and 1,200 May FF futures. For avoidance of doubt, market participants are not required to execute a ED-FF spread block trade using the Globex-defined ratios provided that both sides of the spread meet the applicable minimum quantity threshold and the terms of the trade are consistent with all other CME Group block trading requirements.

- ii) U.S. Treasury and 10-Year Sovereign Yield Spread Futures

In U.S. Treasury and 10-Year Sovereign Yield Spread futures, inter-commodity futures spreads may be executed as block trades provided each leg of the spread meets the minimum threshold requirement for the respective underlying products. For example, the minimum quantity thresholds for 10-Year Notes and U.S. Treasury Bonds during RTH are 5,000 and 3,000 contracts, respectively. Therefore, a block trade in the NOB spread (10-Year Note/Treasury Bond spread) can be executed only if the minimum quantity of the 10-Year Note leg of the spread is at least 5,000 contracts and the minimum quantity of the Treasury Bond leg of the spread is at least 3,000 contracts.

- iii) Deliverable Interest Rate Swap Futures (“DSF”) & Deliverable Euro Interest Rate Swap Futures (“EUR IRS”)

Inter-commodity futures spreads or combinations composed only of DSF or composed only of EUR IRS (e.g., 2-Year DSF v. 10-Year DSF) may be executed as block trades provided the sum of the legs of the spread meets the larger of the threshold requirements for the underlying products. For example, the

minimum block trade thresholds for 2-Year DSF and 10-Year DSF are 3,000 and 1,000 contracts, respectively. Thus, a spread between these two contracts may be executed as a block trade if the sum of the quantities of the legs is at least 3,000 contracts.

Inter-commodity futures spreads or combinations excluding those composed only of DSF or composed only of EUR IRS (e.g., 10-Year Treasury Notes vs. 10-Year DSF) may be executed as block trades provided each leg of the spread meets the minimum threshold requirement for the respective underlying products. For example, the minimum block trade thresholds for 10-Year Treasury Note futures and 10-Year DSF during RTH are 5,000 contracts and 1,000 contracts, respectively. A spread between these two contracts can be executed as a block trade, therefore, only if the quantity of the 10-Year Treasury Note leg is at least 5,000 contracts and the quantity of the 10-Year DSF leg is at least 1,000 contracts.

- iv.) U.S. Treasury Futures and Forward-Starting Libor Reference Interest Rate Swaps (“Treasury Invoice Spreads”)

Contingent trades in Treasury Invoice Spreads where the block trade minimum thresholds for block trades in outright CBOT Treasury futures are circumvented are prohibited.

***** Exceptions for Options/Futures Spreads**

Weather and Housing

An exception applies to Weather and Housing options/futures spreads, where the legs of the spread may be summed to meet the 20-contract minimum threshold.

7. Block Trade Submission

Block trades in CME, CBOT, NYMEX and COMEX products must be submitted via CME Direct or CME ClearPort.

a) Submission Time Requirements

After a block trade is consummated it must be submitted to the Exchange via CME Direct or CME ClearPort within 5 or 15 minutes, depending on the product. Submission via CME Direct or CME ClearPort will result in a price report to the marketplace and submission to CME Clearing provided both sides of the trade pass the required credit check and the relevant terms of the respective sides of the trade match.

Where it is necessary for parties to agree to the individual leg prices on certain spread and combination trades to submit the trade, parties must do so as expeditiously as possible after agreeing to engage in the block trade.

Block trade prices are reported independently of transaction prices in the regular market and are not included as part of the daily trading range.

CME/ CBOT	
Reported within 5 Minutes	Reported within 15 Minutes

<p>Except as specified in the boxes to the right of this table, block trades in all block-eligible CME and CBOT products must be submitted within 5 minutes of execution.</p> <p>Inter-commodity block spread or combination trade that includes a DSF or EUR IRS leg(s) and a leg(s) subject to a 5-minute submission requirement requires that the block spread or combination trade be submitted within 5 minutes of execution.</p>	<p>Block Trades during European or Asian hours (ETH or ATH)* in Foreign Exchange and Interest Rate products, including Treasury Invoice Spreads must be submitted within 15 minutes of execution.</p> <p>Block trades in select CME and CBOT Agricultural futures products and all CME and CBOT Agricultural options products must be submitted within 15 minutes of execution.</p>
	<p>Block trades in Weather, Housing, DSF and EUR IRS contracts must be submitted within 15 minutes of execution.</p>

* For purposes of CME Foreign Exchange and CME and CBOT Interest Rate products, the following times apply:

ETH: 12:00 a.m. – 7:00 a.m. CT, Monday through Friday on regular business days

RTH: 7:00 a.m. – 4:00 p.m. CT, Monday through Friday on regular business days

ATH: 4:00 p.m. – 12:00 a.m. CT, Monday through Friday on regular business days and at any time on weekends

NYMEX/ COMEX	
Reported within 5 Minutes	Reported within 15 Minutes
<p><u>Outright Futures</u></p> <ul style="list-style-type: none"> • Brent Crude Oil Last Day Financial futures (BZ) • Light Sweet Crude Oil futures (CL) • New York Harbor ULSD Heating Oil futures (HO) • Henry Hub Natural Gas futures (NG) • RBOB Gasoline futures (RB) • Gold futures (GC) • Silver futures (SI) • Copper futures (HG) 	<p>All other block-eligible NYMEX and COMEX futures and options products and all spreads and combinations in block-eligible NYMEX and COMEX futures and options products must be submitted within 15 minutes of execution.</p>

b) Additional Submission Requirements and Obligations

Since July 17, 2017, all block trades have been required to be submitted directly to CME Clearing via CME Direct, the CME ClearPort User Interface (UI), or the CME ClearPort API through proprietary or 3rd party software. CME Direct connects to the CME ClearPort API.

For the block trade to be price reported to the marketplace and submitted to CME Clearing, both sides of the trade must pass the required credit check and the relevant terms of the respective sides of the trade must match. If either side does not pass the required credit check or the terms do not match, the block trade price will not be reported to the marketplace and the block trade will remain uncleared.

Entry into CME Direct or CME ClearPort may be done by each of the counterparties to the trade (single-sided entry) or via a broker or other authorized representative (dual-sided entry).

For single-sided entry, the buyer and seller of a block trade may agree to separately enter their side of the block trade into CME Direct or CME ClearPort, indicating each other as the opposite party. In this circumstance, **both** the buyer and seller must enter their respective side of the transaction within the required time-period.

For single-sided entry, one side of a trade (either the buyer or seller) may agree to enter their respective side of the trade and allege that trade against the other party. In this circumstance, the other party must ensure the alleged trade is accepted (complete with the correct account information for their side) within the required time-period. Consequently, the first party entering their side of the trade should ensure the information being entered is correct and must leave enough time for the second party to accept the trade within the requisite time-period.

For dual-sided entry where a broker or other representative is entering the buy and sell side of the block trade on behalf of the counterparties, the broker or other representative is responsible for the entry of the block trade within the requisite time-period.

Block Trades in CME and CBOT Products

Block trades may be entered in CME Direct or CME ClearPort from 6:00 p.m. CT through 5:45 p.m. CT each business day. CME Direct and CME ClearPort do not permit the entry of CME and CBOT block trades between 5:45 p.m. CT and 6:00 p.m. CT each business day or at any time on weekends. CME and CBOT block trades negotiated immediately prior to and during the time that block trade entry is not permitted must be entered by 6:05 p.m. CT for products subject to a 5-minute reporting requirement or by 6:15 p.m. CT for products subject to a 15-minute reporting requirement.

Block Trades in NYMEX and COMEX Products

Block trades may be entered in CME Direct or CME ClearPort from 5:00 p.m. CT/6:00 p.m. Eastern Time ("ET") through 4:00 p.m. CT/5:00 p.m. ET each business day. CME Direct and CME ClearPort do not permit the entry of NYMEX and COMEX block trades between 4:00 p.m. CT/5:00 p.m. ET and 5:00 p.m. CT/6:00 p.m. ET each business day or at any time on weekends. NYMEX and COMEX block trades negotiated immediately prior to and during the time that block trade entry is not permitted must be entered by 5:05 p.m. CT/6:05 p.m. ET for products subject to a 5-minute reporting requirement or by 5:15 p.m. CT/6:15 p.m. ET for products subject to a 15-minute reporting requirement.

Block trades negotiated at any other time during which CME Direct or CME ClearPort are closed must be submitted no later than 5 or 15 minutes after the time CME Direct or CME ClearPort reopens, depending on the reporting requirement for the specific product.

Block trades may also be reported to the CME ClearPort Facilitation Desk/Global Command Center by calling +1 800 438 8616 in the U.S., +44 20 7623 4747 in Europe, +65 6532 5010 in Asia, or via email at FacDesk@cmegroup.com. **Please note that for the Facilitation Desk to submit the trade, the counterparty accounts must be registered with credit limits and product permissions set up in CME Account Manager.**

The Facilitation Desk is closed from 4:30 p.m. CT/5:30 p.m. ET Friday through 5:00 p.m. CT/6:00 p.m. ET Sunday.

c) Information Required for Reporting Block Trades to the CME ClearPort Facilitation Desk

When reporting a block trade to the CME ClearPort Facilitation Desk, the following information will be required:

- Contract, contract month and contract year for futures, and, additionally for options, strike price and put or call designation for standard options, as well as the expiration date and exercise style for flex options;
- Quantity of the trade or, for spreads and combinations, the quantity of each leg of the trade;
- Price of the trade or, for certain spreads and combinations, the price of each leg of the trade;
- Account numbers for each side of the trade;
- Buyer's clearing firm and seller's clearing firm;
- Name and phone number of the party reporting the trade (for block trades reported via telephone or email);
- For block trades reported via phone or email, counterparty name and contact information must also be provided for trade verification purposes; and
- Execution time (to the nearest minute in Central/Eastern Time) of the trade. The execution time is the time at which the trade was consummated.

A block trade in a block-eligible option may be executed up to and including the day on which an option contract expires for purposes of offsetting an open option position, provided the offsetting block trade is submitted via CME Direct or CME ClearPort no later than the beginning of the CME ClearPort maintenance window which begins at 4:00 p.m. Central Time each business day.

The failure to submit timely, accurate and complete block trade reports may subject the party responsible for the reporting obligation to disciplinary action. Parties shall not be sanctioned for block reporting infractions deemed to arise from factors beyond the reporting party's control (e.g. the block trade fails the CME ClearPort automated credit check).

Please note that the execution time of a block trade is the time that the parties agree to the trade. Market participants must accurately report the execution time of the block trade. The reporting of inaccurate execution times may result in disciplinary action.

8. Block Trade Recordkeeping

Complete order records for block trades must be created and maintained pursuant to Rule 536 and CFTC Regulations. Additionally, the time of execution of the block trade must also be recorded for all block trades.

9. Error Remediation

Dual-Sided Entry

For dual-sided entry where a broker or other representative has entered the buy and sell side of the block trade on behalf of the counterparties and the trade has cleared, but for which the broker or other representative has made an error in the terms of the trade, the error may be corrected as follows: If the error is discovered on the same CME Direct or CME ClearPort trade date on which submission occurred (5:00 p.m. to 4:00 p.m. Central Time each business day), the broker or other representative may void the erroneous submission and resubmit the block trade with the correct information.

If the error is discovered after the CME Direct or CME ClearPort trade date on which submission occurred, the broker or other representative may request the Exchange to correct the error within three business days.

Single-Sided Entry

For single-sided entry where the trade has cleared, but where an error has been made in the terms of the trade, either party may request the Exchange to correct the error within three business days.

All correction requests made to the Exchange must include evidence that the counterparties to the block trade agree to the correction request. All correction requests are subject to review and approval by the Exchange.

To request a correction please contact the CME ClearPort Facilitation Desk/Global Command Center at 1.800.438.8616 in the U.S., +44 20 7623 4747 in Europe, +65 6532 5010 in Asia, or via email at FacDesk@cmegroup.com.

Error correction requests received after the three-business-day window may not take place without the express approval of CME Clearing. Market participants should contact CME Clearing Services at 312.207.2525.

10. Dissemination of Block Trade Information

The date, execution time, contract month, price and quantity of block trades are automatically reported once they are cleared. Block trade information is reported on the MerQuote system and may be accessed by entering the code "BLK". Block trade information is also displayed on the CME Group website at the following link: <http://www.cmegroup.com/tools-information/blocktrades.html>. Block trade information is also displayed on the trading floor.

Block trade prices are published separately from transactions in the regular market.

Block trade volume is also identified in the daily volume reports published by the Exchange.

11. Use of Nonpublic Information Regarding Block Trades

a) General

Parties involved in the solicitation or negotiation of a block trade may not disclose the details of those communications to any other party for any purpose other than to facilitate the execution of the block trade. Parties privy to nonpublic information regarding a consummated block trade may not disclose such information to any other party prior to the public report of the block trade by the Exchange. A broker negotiating a block trade on behalf of a customer may disclose the identity of the customer to potential counterparties, including the counterparty with which the block trade is consummated, only with the permission of the customer.

Parties solicited to provide a two-sided block market are not deemed to be in possession of nonpublic information provided side of market interest is not disclosed in the context of the solicitation.

b) Pre-Hedging/Anticipatory Hedging

Parties to a potential block trade may engage in pre-hedging or anticipatory hedging of the position that they believe in good faith will result from the consummation of the block trade, except for an intermediary that takes the opposite side of its own customer order. In such instances, prior to the consummation of the block trade, the intermediary is prohibited from offsetting the position established by the block trade in any account which is owned or controlled, or in which an ownership interest is held, or for the proprietary account of the employer of such intermediary. The intermediary may enter into transactions to offset the position only after the block has been consummated.

It shall be a violation of Rule 526 for a person to engage in the front running of a block trade when acting on material nonpublic information regarding an impending transaction by another person, acting on nonpublic information obtained through a confidential employee/employer relationship, broker/customer relationship, or in breach of a pre-existing duty.

The Exchange may proceed with an enforcement action when the facts and circumstances of pre-hedging suggest deceptive or manipulative conduct by any of the involved parties, including when an intermediary handling a customer order acts against its customer's best interests.

This guidance applies only in the context of pre-hedging of block trades. This guidance does not affect any requirement under the CEA or Commission Regulations.

12. TAS & TAM Block Trades

Certain block-eligible futures contract months may be executed as block trades and assigned the current day's settlement price or any valid price increment ten ticks higher or lower than the settlement price ("TAS block trades"). Certain block-eligible futures contract months may also be executed as block trades and assigned the current day's marker price or any valid price increment ten ticks higher or lower than the marker price ("TAM block trades").

Additionally, intra-commodity calendar spreads may be executed as TAS or TAM block trades provided the underlying spread is eligible for TAS or TAM trading. Please refer to the most recent Advisory Notice on TAS and TAM transactions for the list of products, contract months and spreads for which TAS or TAM pricing is permitted.

The pricing of the legs of a TAS or TAM calendar spread block trade will be calculated as follows:

- The nearby leg of the spread will always be priced at the settlement or marker price, as applicable, for that contract month.
- The far leg of the spread will be priced at the settlement or marker price, as applicable, for that contract **minus** the allowable TAS or TAM price increment traded (-10 through +10), except in circumstances where the traded TAS or TAM price is the actual settlement or marker price of the contract.

TAS block trades, including eligible TAS calendar spread block trades, may not be executed on the last day of trading in an expiring contract.

The products and contract months in which TAS and TAM block trades are permitted are set forth in the list of block trade eligible products which is available on the CME Group website via the following link:

[NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds](#)

13. Basis Trade at Index Close ("BTIC") Block Trades

A BTIC Transaction is a futures transaction that is priced with reference to the applicable cash index close price. For a BTIC block trade executed on a given Trading Day on or before the scheduled close of the underlying primary securities market, the corresponding futures price shall be made by reference to the Index closing value for the current Trading Day. BTIC block trades will not be permitted on the last day of trading in an expiring contract month.

A list of BTIC block-eligible products and block minimum thresholds is available on the CME Group website via the following link:

[BTIC Block Trades Table](#)

The futures price assigned to a BTIC block trade will be based on either:

- the current day's close price of the relevant cash index as specified in the relevant rule chapter; or
- the current day's close price of the relevant cash index as specified in the relevant rule chapter adjusted by any valid price increment (the "Basis") higher or lower than the relevant cash index close price. The Basis must be stated in full tick increments as set forth in the relevant rule chapter.

The Basis applied to a BTIC block trade must be fair and reasonable taking into account financing rates, expected dividend income and the time remaining until the applicable futures contract expires.

The futures price of a BTIC block trade will be determined by the Exchange at 3:45 p.m. Central Time and the Exchange-determined price will be final at that time. In the event of an early scheduled close of the primary securities market, the futures price of a BTIC block trade will be determined by the Exchange 45 minutes after the early scheduled close time for the primary securities market, and the Exchange-determined price will be final at that time. In the event of an equity market disruption in the primary securities market, all BTIC block trades will be cancelled for that trade date.

BTIC block trades **may not** be executed as a spread transaction. Parties wishing to effectuate a block spread transaction in either product will be required to negotiate the transaction as separate outright BTIC block trades, and each leg must meet the minimum threshold.

14. Text of Rule 526

Rule 526 BLOCK TRADES

The Exchange shall designate the products in which block trades shall be permitted and determine the minimum quantity thresholds for such transactions. Additionally, with respect to block trades in swaps, the minimum size for such transactions shall be established at levels at or in excess of those set forth in Appendix F to Part 43 of CFTC Regulations *[this sentence appears solely in CBOT's rule]*. The following shall govern block trades:

- A. A block trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders may not be aggregated in order to achieve the minimum transaction size, except by those entities described in Sections I. and J.
- B. Each party to a block trade must be an Eligible Contract Participant as that term is defined in Section 1a(18) of the Commodity Exchange Act.
- C. A member shall not execute any order by means of a block trade for a customer unless such customer has specified that the order be executed as a block trade.
- D. The price at which a block trade is executed must be fair and reasonable in light of (i) the size of the block trade, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash market or related futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade.
- E. Block trades shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.
- F. Unless otherwise agreed to by the principal counterparties to the block trade, the seller, or, in the case of a brokered transaction, the broker handling the block trade, must ensure that each block trade is reported to the Exchange within the time period and in the manner specified by the Exchange. The report must include the contract, contract month, price, quantity of the transaction, the respective clearing members, the time of execution, and, for options, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.
- G. Block trades must be reported to the Clearing House in accordance with an approved reporting method.
- H. Clearing members and members involved in the execution of block trades must maintain a record of the transaction in accordance with Rule 536.
- I. A commodity trading advisor ("CTA") registered or exempt from registration under the Act, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such advisors have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such advisors.
- J. A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section I, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such Persons have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such Persons.

15. Contact Information

Questions regarding this Advisory Notice may be directed to the following individuals:

Market Regulation:	Jennifer Dendrinis, Director, Investigations	312.341.7812
	Urmi Graft, Manager, Investigations	312.341.7639
	Mary Cantagallo, Lead Investigator, Investigations	312.341.7632
	Erin Middleton, Lead Rules & Regulatory Outreach Specialist	312.341.3286
	Shawn Tan, Senior Rules & Regulatory Outreach Specialist	+65 65935580
	Robert Sniegowski, Executive Director, Rules & Regulatory Outreach	312.341.5991

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

Exhibit C

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Position Limits and Accountability Levels
Rule References	Rules 559, 560, and 562
Advisory Date	August 11, 2017
Advisory Number	CME Group RA1711-5

Effective immediately, this Advisory Notice supersedes CME Group Market Regulation Advisory Notice RA1703-5 from April 10, 2017. It is being issued based on the CFTC Division of Market Oversight's no-action relief from certain position aggregation requirements under Commission Regulation 150.4 issued on August 10, 2017, pursuant to [CFTC Letter No. 17-37](#)

On April 24, 2017, CME, CBOT, NYMEX and COMEX adopted revisions to Rule 559.D. ("Aggregation of Positions") and E. ("Exemptions from Aggregation") which incorporated language from CFTC Regulation 150.4(b) into the text of Rules 559.D. and E.

While CME, CBOT, NYMEX and COMEX are not amending the text of Rules 559.D. or E., the Exchanges are adopting the CFTC no-action relief with respect to the enforcement of those rules, and the answers to Questions 8 and 9 of the FAQ section of this Advisory Notice have been updated accordingly.

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

For NYMEX and COMEX Products

Tom Dixon, Manager, 212.299.2901
Ryne Toscano, Sr. Director, 212.299.2879

For CME and CBOT Products

Brian Babinski, Lead Analyst, 312.341.5822
Michael Joubert, Manager, 312.341.7714
Sandra Valtierra, Manager, 312.347.4137
Chris Reinhardt, Sr. Director, 312.435.3665

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

FAQ Related to Position Limits, Position Accountability and Reportable Levels

Q1: What is the difference between Position Limits, Accountability and Reportable Levels?

A1: Position Limits are levels which a market participant may **not** exceed unless they have an approved exemption. Any positions in excess of these limits would be considered a rule violation pursuant to Rule 562.

Position Limits are calculated on a net futures-equivalent basis by contract, and include contracts that aggregate into one or more base contracts as set forth in the Table.

Position Accountability Levels are levels which a market participant may exceed and not be in violation of an Exchange Rule. A market participant who exceeds an accountability (or reportable) level may be asked by the Market Regulation Department (the “Department”) to provide information relating to the position, including, but not limited to, the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable. Failure to supply the requested information may result in an order to reduce such positions, in addition to disciplinary action as a result of the failure.

Additionally, any market participant who has a position in excess of an accountability level is deemed to have consented, when so ordered by the Department to:

- not further increase the positions;
- comply with any limit on the size of the position; and/or
- reduce any open position which exceeds a position accountability level.

Generally, these actions would be taken only after having been contacted by the Department regarding the open positions.

The Department calculates positions using three separate methods for purposes of its position accountability reviews. Any position that exceeds an accountability level based on any of the three methods is considered by the Department to be in excess of the accountability level. The three methods are as follows:

1. Spot Month/Single Month/All Month Accountability Levels are calculated on a net futures-equivalent basis by contract, and include contracts that aggregate into one or more base contracts as set forth in the Table.
2. Spot Month/Single Month/All Month Accountability Levels are calculated on a net futures-only basis.
3. Spot Month/Single Month/All Month Accountability Levels for options are calculated per option quadrant (long call, long put, short call, short put) on a gross basis.

Reportable Levels are levels at which clearing members, omnibus accounts and foreign brokers are required to submit to the Exchange a daily report of all positions as set forth in the Table. Positions at or above the reportable level in a particular expiration month of a futures contract, or in all puts or in all calls of a particular option contract expiration month, trigger the reportable status. A person who is reportable in a particular product must report **all open positions** in all futures and in all open puts or calls on such futures in the product and in any product that aggregates into the product, **regardless of size**.

Market participants should be aware that not all products have position limits or position accountability levels. Position limits, position accountability levels and reportable levels are listed in each Exchange’s Table and may be accessed via the following link:

<http://www.cmegroup.com/market-regulation/position-limits.html>

Q2: What is the difference between Spot-Month, Second Spot-Month, Single Month and All Month for purposes of position limits and position accountability levels, and when do they go into effect?

A2: Spot-Month generally goes into effect as a particular contract month becomes the closest contract month to expiration or as a contract nears expiration. The dates vary by contract and market participants should reference the Table to identify when the spot month limits go into effect. For example, NYMEX Light Sweet Crude Oil futures has a spot month limit of 3,000 net

futures equivalent contracts that becomes effective at the close of trading three business days prior to the last trading day of the contract month.

Subsequent Spot-Month limits are lower than spot month limits and go into effect after the initial spot-month limit, as the contract month nears expiration. For example, in CME Live Cattle futures the spot month limit is reduced from 450 net futures equivalent contracts effective at the close of trading on the first business day following the first Friday of the contract month to 300 net futures equivalent contracts effective at the close of trading on the business day immediately preceding the last 5 trading days of the contract month. Additionally, the limit changes from 300 to 200 at the close of trading on the business day prior to the last 2 trading days of the contract month.

Single Month is defined as the position held in any given contract month outside of the spot period effective date. For example, a CBOT December 2016 Corn futures contract has a single month limit of 33,000 net futures equivalent contracts prior to the spot-month effective date.

All Month is defined as the net open position held across all contract months of a particular product and is effective at all times. For example, the CME S&P 500 Stock Price Index futures all month limit is 60,000 net futures equivalent contracts. If a market participant is long 32,000 September 2018 contracts, long 30,000 December 2018 contracts and short 1,000 March 2018 contracts, the all month position is long 61,000 net futures equivalent contracts. They would be over the all month limit by 1,000 contracts.

The Department publishes a monthly notice of spot month effective dates for core products. The notice is posted on the CME Group website and is also available via an email subscription.

Website: Select Category – Market Regulation & Market Surveillance

<http://www.cmegroup.com/tools-information/advisorySearch.html#category=SER&cat=advisorynotices:Advisory+Notices>

Email: Select Market Regulation Advisories – Market Surveillance Notices

<http://pages.cmegroup.com/subscription-center-sign-up.html>

Q3: Are there limits for holding delivery instruments?

A3: Yes, for the CBOT products specified below. Where applicable, the limits on holdings of registered and outstanding shipping certificates/warehouse receipts are located in the applicable product chapter in the pertinent Exchange Rulebook.

No person shall own or control more than the below amount of registered and outstanding shipping certificates/warehouse receipts issued by facilities designated by the Exchange as regular to issue shipping certificates unless they have received a hedge exemption from the Exchange. This includes any mini-sized certificates (in futures equivalent contracts).

Corn	600	Wheat	600
Soybean	600	Oat	600
Soybean Oil	540	Rough Rice	600
Soybean Meal	720		

Q4: Do deliveries impact the futures position in the spot month for purposes of compliance with spot month position limits?

A4: For Platinum, Palladium, Copper, Silver, Gold, E-micro Gold, KC Hard Red Winter Wheat and Mini-Sized KC HRW Wheat, the spot month position limit is comprised of futures and deliveries. For example if a market participant takes delivery (stops) 50 contracts in the beginning of the

month and later in the month adds 100 long spot month futures their spot month position is 150 long for position limit purposes.

Q5: How does aggregation of contracts work?

A5: The aggregation of contracts for single month, all month and spot-month are noted in each Table.

Using the Spot-Month as an example, for a contract that aggregates into only one base contract during the spot-month, the base contract will be identified in the "Spot-Month Aggregate Into Futures Equivalent Leg (1)" column of the Table and will denote a positive correlation with the base contract. The aggregation ratio for the Leg (1) base contract will be identified in the "Aggregate Into Ratio Leg (1)" column of the Table.

For contracts that aggregate into two separate base contracts during the spot month, the base contract noted in the "Spot-Month Aggregate Into Futures Equivalent Leg (1)" column of the Table will denote a positive correlation, and the aggregation ratio for the Leg (1) base contract will be identified in the "Aggregate Into Ratio Leg (1)" column of the Table. The base contract noted in the "Spot-Month Aggregate Into Futures Equivalent Leg (2)" column of the Table will denote a negative correlation with respect to the base contract, and the aggregation ratio for the Leg (2) base contract will be identified in the "Aggregate Into Ratio Leg (2)" column of the Table.

While mini-sized futures contracts in CBOT Corn, Soybean, Wheat and KC HRW Wheat aggregate into the respective full-sized contracts, for position limit purposes, full-sized and mini-sized contracts in CBOT Corn, Soybean, Wheat, and KC HRW Wheat may **not** be netted. For example, a long open CBOT Corn position of 610 contracts may not be reduced by a short open CBOT Mini-Sized Corn position of 10 full-sized equivalent contracts for purposes of calculating compliance with the CBOT Corn futures position limit. However, a long open CBOT Corn position of 510 contracts will be aggregated with a long open CBOT Mini-Sized Corn position of 100 full-sized equivalent contracts, resulting in an aggregate open long position of 610 contracts.

Notwithstanding the foregoing, the offsetting of different sized futures positions is available in certain futures contracts. Pursuant to each Exchange's Rule 855, market participants may **offset and liquidate** certain long mini-sized futures positions against short full-sized futures positions or short mini-sized futures positions against long full-sized futures positions that are held in the same account. *See the applicable version of Rule 855 for specific eligible contracts and ratios.*

Q6: How are options on futures counted for purposes of position limits?

A6: Option positions are aggregated into the underlining futures contracts in accordance with the Table on a delta equivalent value.

If a position exceeds position limits as a result of an option assignment, the person who owns or controls such position shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. Additionally, if, at the close of trading, a position that includes options exceeds position limits when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation.

Q7: What does a diminishing balance contract mean and how do you calculate its futures equivalence?

A7: Diminishing balance contracts are specific futures contracts whose front month position in any given contract month diminishes as the contract month progresses towards expiration/month end for purposes of position limits. Typically, a contract diminishes each Exchange business day a

portion of the final settlement price is established. The number of Exchange business days varies depending on the calendar month, and in calculating a diminishing balance market participants should exclude the calendar date of any U.S. holiday as set forth in the CME Globex Holiday Calendar available on the CME Group website.

Diminishing balance contracts are typically those where the final settlement price is equal to the arithmetic average of a determined referenced price for each business day that it is determined during the contract month; or the balance of the month average of a determined referenced price for each business day that it is determined during the contract month, starting from the selected start date through the end of the contract month, inclusive.

Diminishing balance contracts are identified as such in the Table.

The below are examples of diminishing balance contracts and their futures equivalent value.

Example 1: Chicago CBOB Gasoline (Platts) Futures (commodity code "2C")

Customer holds 6,600 October 2015 "2C" contracts going into October 2015 and does not add or liquidate any positions during the month.

Start of Day Position	Futures Position	Futures Equivalent Position
	2C October 2015 Contract	2C October 2015 Contract
10/1/2015	6,600	6,600
10/2/2015	6,600	6,300
10/5/2015	6,600	6,000
10/6/2015	6,600	5,700
10/7/2015	6,600	5,400
10/8/2015	6,600	5,100
10/9/2015	6,600	4,800
10/12/2015	6,600	4,500
10/13/2015	6,600	4,200
10/14/2015	6,600	3,900
10/15/2015	6,600	3,600
10/16/2015	6,600	3,300
10/19/2015	6,600	3,000
10/20/2015	6,600	2,700
10/21/2015	6,600	2,400
10/22/2015	6,600	2,100
10/23/2015	6,600	1,800
10/26/2015	6,600	1,500
10/27/2015	6,600	1,200
10/28/2015	6,600	900
10/29/2015	6,600	600
10/30/2015	6,600	300

Example 2: WTI Financial Futures (commodity code "CS")

"CS" aggregates into Crude Oil Last Day Financial Futures (commodity code "26")

Customer holds 110 October 2015 "CS" contracts going into October 2015 and does not add or liquidate any positions during the month. Below are their futures equivalent positions in the November and December 2015 "26" contracts.

"CS" position would be added to any other "26" contracts

Start of Day Position	Futures Position	Futures Equivalent Position	
	CS October 2015 Contract	26 November 2015 Contract	26 December 2015 Contract
10/1/2015	110	70	40
10/2/2015	110	65	40
10/5/2015	110	60	40
10/6/2015	110	55	40
10/7/2015	110	50	40
10/8/2015	110	45	40
10/9/2015	110	40	40
10/12/2015	110	35	40
10/13/2015	110	30	40
10/14/2015	110	25	40
10/15/2015	110	20	40
10/16/2015	110	15	40
10/19/2015	110	10	40
10/20/2015*	110	5	40
10/21/2015	110	0	40
10/22/2015	110	0	35
10/23/2015	110	0	30
10/26/2015	110	0	25
10/27/2015	110	0	20
10/28/2015	110	0	15
10/29/2015	110	0	10
10/30/2015	110	0	5

*Please note that 10/20/2015 is the last trading day for the November 2015 "26" contract

Example 3: RBOB Gasoline BALMO Futures (commodity code "1D")

"1D" aggregates into RBOB Gasoline Last Day Financial Futures (commodity code "27")

Customer holds 100 October 19th 2015 "1D" contracts and does not add or liquidate any positions during the month. Below are their futures equivalent positions in the November 2015 "27" contract.

"1D" position would be added to any other "27" contracts

Start of Day Position	Futures Positions	Futures Equivalent Positions
	1D October 19, 2015 Contract	27 November 2015 Contract
10/19/2015	100	100

10/20/2015	100	90
10/21/2015	100	80
10/22/2015	100	70
10/23/2015	100	60
10/26/2015	100	50
10/27/2015	100	40
10/28/2015	100	30
10/29/2015	100	20
10/30/2015	100	10

Q8: How does aggregation of accounts work with respect to position limits and position accountability levels?

A8: Aggregation of positions is based on ownership or control. All positions in accounts for which any person, by power of attorney or otherwise, directly or indirectly controls trading or holds a 10 percent or greater ownership or equity interest must be aggregated with the position held and trading done by such person. For the purpose of determining the positions in accounts for which any person controls trading or holds a 10 percent or greater ownership or equity interest, positions or ownership or equity interests held by, and trading done or controlled by, two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by, or the trading were done or controlled by, a single person.

While CFTC Regulation 150.4(a)(2) requires any person that, by power of attorney or otherwise, holds or controls the trading of positions in more than one account or pool with substantially identical trading strategies, to aggregate all such positions, the no-action relief issued by the CFTC on August 10, 2017, provides relief from this provision except in a situation where such person holds or controls the trading of such positions in order to willfully circumvent applicable position limits (see [CFTC Letter No. 17-37](#)).

Q9: Are there exemptions from the account aggregation requirements?

A9: Yes. Exemptions from aggregation in all products subject to Exchange position limits must comply with the provisions of CFTC Regulation 150.4(b). Parties must file with the CME Market Regulation Department (Market_Reg_Surveillance_Chgo@cmegroup.com) via email, and the filing must include:

1. A description of the relevant circumstances that warrant disaggregation; and
2. A statement of a senior officer of the entity certifying that the conditions set forth in the applicable aggregation exemption provision have been met.

Filing for products not subject to federal positions limits may occur at any time prior to exceeding a position limit. After exceeding a position limit, filing should occur within a reasonable period of time, which is generally considered 5 business days.

For products subject to federal limits, the CFTC has specific timing requirements set forth in Regulation 150.4(c) (Notice filing for exemption) for which the CFTC has provided no-action relief on August 10, 2017 (see [CFTC Letter No. 17-37](#)).

A market participant that files an exemption from federal position limits with the CFTC must also provide a copy of the CFTC filing to Market_Reg_Surveillance_Chgo@cmegroup.com

Q10: How can a market participant obtain an exemption from position limits?

A10: A market participant seeking an exemption from position limits must apply by completing a form provided by the Department. Market participants may be eligible to receive an exemption from position limits in accordance with Rule 559 based on having bona fide hedging positions (as defined in CFTC Regulation §1.3(Bona fide hedging transactions and positions for excluded commodities), risk management positions and/or arbitrage and spread positions.

A market participant intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Department prior to exceeding such limits. However, a person who establishes an exemption-eligible position in excess of position limits and files the required application with the Department will not be in violation of Rule 559 provided that the filing occurs within five (5) business days after assuming the position, except in circumstances where the Department requires a person to file prior to the fifth business day. In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and clearing firm will be in violation of speculative position limits for the period of time in which the excess positions remained open.

The Department may approve, deny, condition or limit any exemption request based on factors deemed by the Department to be relevant, including, but not limited to, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner given characteristics of the market for which the exemption is sought. A person who has received written authorization from the Department to exceed position limits must annually file an updated application no later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

To obtain an exemption application or for further information on the exemption application process, please contact the Department via the email addresses provided below.

For CME and CBOT products: Hedgeprogram@cmegroup.com

For NYMEX and COMEX products: NYhedgeprogram@cmegroup.com

Q11: Are position limits effective intraday?

A11: Yes, any positions, including positions established intraday, in excess of those permitted under the rules are deemed to be position limit violations.

Q12: Do positions established as a result of Trading at Settlement ("TAS"), Trading at Marker ("TAM") or Basis Trade at Index Close ("BTIC") rules subject to position limits?

A12: Yes, in both intraday and at the end of the day. TAS, TAM and BTIC are pricing conventions for executions occurring in an underlying existing Exchange product, and as such, are included in determining compliance with position limits. For intraday purposes, the position is included immediately upon execution of the trade, and **not** when the settlement, marker or Index price is published.

Q13: Does an order that has been placed but not executed count for purposes of determining compliance with a position limit?

A13: No, unfilled orders do not constitute an open position for position limit purposes. Notwithstanding the foregoing, market participants should be aware of Rule 575 (“Disruptive Practice Prohibited”) and the associated Market Regulation Advisory Notice with respect to order entries.

Q14: Are Clearing Members in violation of position limits if their clients exceed a limit?

A14: Except as set forth in the answer to FAQ 9, a clearing member shall not be in violation of position limits if it carries positions for its customers in excess of the applicable position limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions. A reasonable period of time shall generally not exceed one business day.

Q15: What happens if a market participant exceeds a position limit?

A15: Violation of a position limit is a strict liability offense. The Department will take into account a number of factors in determining the appropriate regulatory action, including, but not limited to, the size of the position in excess of the limit, previous violations, length of the violation and profitability.

Text of Rule 559 – (“Position Limits and Exemptions”)

The position limit levels applicable to those contracts with position limits are set forth in the Position Limit, Position Accountability and Reportable Level Table (“Table”) in the Interpretations Section at the end of Chapter 5.

A person seeking an exemption from position limits must apply to the Market Regulation Department on forms provided by the Exchange. In order to obtain an exemption from position limits, a person must:

1. Provide a description of the exemption sought, including whether the exemption is for bona fide hedging positions as defined in CFTC Regulation §1.3 (Bona fide hedging transactions and positions for excluded commodities), risk management positions or arbitrage/spread positions;
2. Provide a complete and accurate explanation of the underlying exposure related to the exemption request;
3. Agree to promptly provide, upon request by the Market Regulation Department, information or documentation regarding the person’s financial condition;
4. RESERVED
5. Agree to comply with all terms, conditions or limitations imposed by the Market Regulation Department with respect to the exemption;
6. Agree that the Market Regulation Department may, for cause, modify or revoke the exemption at any time;
7. Agree to initiate and liquidate positions in an orderly manner;
8. Agree to comply with all Exchange rules; and
9. Agree to promptly submit a supplemental statement to the Market Regulation Department whenever there is a material change to the information provided in the most recent application.

A person intending to exceed position limits, including limits established pursuant to a previously approved exemption, must file the required application and receive approval from the Market Regulation Department prior to exceeding such limits. However, a person who establishes an exemption-eligible position in excess of position limits and files the required application with the Market Regulation Department shall not be in violation of this rule provided the filing occurs within five (5) business days after assuming the position except in circumstances where the Market Regulation Department requires a person to file prior to the fifth business day. In the event the positions in excess of the limits are not deemed to be exemption-eligible, the applicant and clearing firm will be in violation of speculative limits for the period of time in which the excess positions remained open.

The Market Regulation Department shall, on the basis of the application and any requested supplemental information, determine whether an exemption from position limits shall be granted. The Market Regulation Department may approve, deny, condition or limit any exemption request based on factors deemed by the Department to be relevant, including, but not limited to, the applicant's business needs and financial status, as well as whether the positions can be established and liquidated in an orderly manner given characteristics of the market for which the exemption is sought.

Nothing in this rule shall in any way limit (i) the authority of the Exchange to take emergency action; or (ii) the authority of the Market Regulation Department to review at any time the positions owned or controlled by any person and to direct that such position be reduced to the position limit provided for in the Table.

A person who has received written authorization from the Market Regulation Department to exceed position limits must annually file an updated application not later than one year following the approval date of the most recent application. Failure to file an updated application will result in expiration of the exemption.

559.A. Bona Fide Hedging Positions

The Market Regulation Department may grant exemptions from position limits for bona fide hedge positions as defined in CFTC Regulation §1.3.

Approved bona fide hedgers may be exempted from emergency orders that reduce position limits or restrict trading.

559.B. Risk Management Positions

The Market Regulation Department may grant exemptions from the position limits for risk management positions. For the purposes of this rule, risk management positions are defined as futures and options positions which are held by or on behalf of an entity or an affiliate of an entity which typically buys, sells or holds positions in the underlying cash market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the futures or options market and the underlying market in question. Exemptions related to indexed positions in the over-the-counter market may include corresponding commodity index-based futures and options and/or individual commodity futures and options used as components in replicating an index.

559.C. Arbitrage and Spread Positions

The Market Regulation Department may grant exemptions from the position limits for arbitrage, intracommodity spread, intercommodity spread, and eligible option/option or option/futures spread positions.

559.D. Aggregation of Positions

For the purpose of applying the position limits in the Table, all positions in accounts for which any person, by power of attorney or otherwise, directly or indirectly controls trading or holds a 10 percent or greater ownership or equity interest must be aggregated with the positions held and trading done by such person. For the purpose of determining the positions in accounts for which any person controls trading or holds a 10 percent or greater ownership or equity interest, positions or ownership or equity interests held by, and trading done or controlled by, two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by, or the trading were done or controlled by, a single person.

Any person that, by power of attorney or otherwise, holds or controls the trading of positions in more than one account or pool with substantially identical trading strategies, must aggregate all such positions in accordance with the provisions of CFTC Regulation 150.4(a)(2).

559.E. Exemptions from Aggregation

Exemptions from aggregation in all products subject to Exchange position limits must comply with the provisions of CFTC Regulation 150.4(b).

Any person claiming an exemption from Exchange position limits under the provisions of CFTC Regulation 150.4(b)(1)(ii), (b)(2), (b)(3), (b)(4), or (b)(7) must provide a notice to the Market Regulation Department which sets forth 1) a description of the relevant circumstances that warrant disaggregation and 2) a statement by a senior officer or executive of the entity certifying that the conditions set forth in the applicable CFTC aggregation exemption provision have been met.

Upon request by the Market Regulation Department, any person claiming an exemption from aggregation under this Section E. must provide any requested information that demonstrates the person meets the applicable requirements for the exemption. Market Regulation, in its sole discretion, may amend, suspend, terminate, or otherwise modify a person's exemption from aggregation for failure to comply with the provisions of this Section E.

In the event of a material change to the information provided in any notice filed under this Section E., an updated or amended notice must be promptly filed with the Market Regulation Department detailing the material change.

559.F. Violations (CME/CBOT only)

Violations of position limits and approved exemption limits are subject to the provisions of Rule 562.

559.F. Conditional Limit in NYMEX Last Day Financial Natural Gas Contracts (NYMEX/COMEX only)

The Market Regulation Department may grant a Conditional limit in Last Day Financial Natural Gas contracts of up to the equivalent of five thousand (5,000) NYMEX Physical Natural Gas Contracts (NG) during the period that position limits are applicable. Any participant seeking such exemption must agree: (1) not to hold a position in the NG contract during the last three days of trading; (2) provide the Exchange information on the complete book of all positions related to the Henry Hub; and (3) any other information /documentation required by the Exchange

559.G. Violations (NYMEX/COMEX only)

Violations of position limits and approved exemption limits are subject to the provisions of Rule 562.

Text of Rule 560 – (“Position Accountability”)

A person who owns or controls positions in excess of reportable levels or where such Person otherwise holds substantial positions in contracts traded on the Exchange or cleared by the Clearing House (*CBOT only* : in excess of reportable levels or subject to accountability levels) shall keep records, including records of their activity in the underlying commodity and related derivative markets, and make such records available, upon request, to the Exchange.

Upon request by the Market Regulation Department, such person shall also provide information relating to the positions owned or controlled by that person including, but not limited to, the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable.

For purposes of this rule, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Additionally, positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by a single person.

If the person from whom such records or information is requested fails to comply as directed, the Market Regulation Department may order the reduction of such position, in addition to taking disciplinary action as a result of such failure.

A person who exceeds position accountability or position limit levels as a result of maintaining positions at more than one clearing firm shall be deemed to have waived confidentiality regarding his position and the identity of the clearing members at which the positions are maintained.

A person who holds or controls aggregate positions in excess of specified position accountability levels or in excess of position limits pursuant to an approved exemption shall be deemed to have consented, when so ordered by the Market Regulation Department, not to further increase the positions, to comply with any prospective limit which exceeds the size of the position owned or controlled, or to reduce any open position which exceeds position accountability or position limit levels. Any order to reduce an open position shall be issued by the Chief Regulatory Officer or his designee, if he determines in his sole discretion, that such action is necessary to maintain an orderly market.

A clearing member that carries positions for another person shall be responsible for taking reasonable and diligent actions to effect the timely compliance with any order issued pursuant to this rule upon notification of such order by the Market Regulation Department.

All positions must be initiated and liquidated in an orderly manner.

Text of Rule 562 – (“Position Limit Violations”)

Any positions, including positions established intraday, in excess of those permitted under the rules of the Exchange shall be deemed position limit violations.

If a position exceeds position limits as a result of an option assignment, the person who owns or controls such position shall be allowed one business day to liquidate the excess position without being considered in violation of the limits. Additionally, if, at the close of trading, a position that includes options exceeds position limits when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation.

A clearing member shall not be in violation of this rule if it carries positions for its customers in excess of the applicable position limits for such reasonable period of time as the firm may require to discover and liquidate the excess positions. For the purposes of this rule, a reasonable period of time shall generally not exceed one business day.

A customer who exceeds the position limits as a result of maintaining positions at more than one clearing member shall be deemed to have waived confidentiality regarding his positions and the identity of the clearing members at which they are maintained. A clearing member carrying such positions shall not be in violation of this rule if, upon notification by the Market Regulation Department, it liquidates its pro-rata share of the position in excess of the limits or otherwise ensures the customer is in compliance with the limits within a reasonable period of time.

