Sean M. Downey
Director and Assistant General Counsel
Legal Department

November 1, 2012

VIA E-MAIL

Ms. Sauntia Warfield
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: Regulation 40.6(a). Chicago Mercantile Exchange Inc. ("CME") Submission # 12-364: Revisions to CME Agricultural Product Chapters

Dear Ms. Warfield:

Chicago Mercantile Exchange, Inc. ("CME" or the "Exchange") is self-certifying revisions to all CME Agricultural product chapters in connection with the October 17, 2012, compliance date for designated contract markets ("DCMs") with respect to the Commodity Futures Trading Commission ("CFTC") final rule on Core Principles and Other Requirements for Designated Contract Markets ("Core Principles"). The revisions will become effective on November 19, 2012.

The revisions are being adopted to ensure that the Exchange's rules are in compliance with CFTC Core Principle 7 ("Availability of General Information"), which requires that DCMs make available to the public accurate information concerning the contract market's rules and regulations, contracts and operations. Correspondingly, the goal of the CME Rulebook Harmonization Project was to eliminate old, erroneous and obsolete language, ensure the accuracy of all listed numerical values (e.g, trading units, tick sizes, etc.) and harmonize the language and structure of the CME product chapters, to the best extent possible. This exercise was already completed for the CBOT product chapters in 2008, in connection with the CME/CBOT merger, and a similar review is currently underway in all NYMEX and COMEX product chapters. The majority of the revisions are stylistic in nature. The substantive revisions include the following:

- Removed product-specific position limits, accountability and reportable levels and replaced with boilerplate language redirecting to the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of CME Chapter 5
- Removed product-specific exemption and accumulation language and replaced with boilerplate language
- Harmonized rule titles
- Harmonized Scope of Chapter language and added a boilerplate reference to Chicago time
- Removed all footnotes referencing rule revision dates
- Removed the Contract Modification section from the product chapters and replaced with a boilerplate rule, Rule 419 ("Contract Modification"), relocated to Chapter 4 of each Exchange's Rulebook
- Removed obsolete references to the Board and changed to the Exchange
- Removed references to outdated or obsolete SERs
- Capitalized defined terms (e.g., Business Day, Trading Day)

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- In the Daily Price Limits sections in the futures chapters, where applicable, replaced the references to the “spot” month with “expiring” month contract
- In the GSCI Cleared OTC chapters, where applicable, clarified the unit of clearing
- In the options chapters, clarified automatic exercise for in-the-money options

The Market Regulation Department and the Legal Department collectively reviewed the DCM Core Principles as set forth in the Commodity Exchange Act (“Act”). During the review, we have identified that the changes described above may have some bearing on the following Core Principles:

> Compliance with Rules: The changes resulted from a comprehensive review of the existing product chapters, with the goal that the product chapters be completely accurate and for the most part harmonized as a result of the revisions. Product terms and conditions were reviewed to ensure accuracy and obsolete and inaccurate information was modified.
>
> Position Limitations or Accountability: This Core Principle requires the DCM to adopt for each contract, as is necessary and appropriate, position limitations or position accountability for speculators. All specific position limits, accountability levels and reportable levels were removed from the product chapters. Instead, a boilerplate paragraph titled “Position Limits, Exemptions, Position Accountability and Reportable Levels” references generic position limit language and directs the reader to the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of CME Chapter 5. This change was made to eliminate multiple sources containing the same information.
>
> Availability of General Information: These revised CME product chapters are part of a larger Core Principle 7 project undertaken to ensure that the product chapters are accurate and remain in compliance with Core Principle 7. The revised product chapters will be disseminated to the marketplace via the issuance of a Special Executive Report and will highlight any changes deemed material.

The revisions appear in Exhibit A with additions underscored and deletions overstruck.

The Exchange certifies that the revisions in Exhibit A comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at http://www.cmegroup.com/market-regulation/rule-filings.html.

If you have any questions regarding this submission, please contact Erin Schwartz, Market Regulation, at 312.341.3083 or via email at Erin.Schwartz@cmegroup.com or David Lehman, Research & Product Development, at 312.930.1875 or via email at David.Lehman@cmegroup.com. Alternatively, you may contact me at 312.930.8167 or via email at Sean.Downey@cmegroup.com. Please reference CME Submission No. 12-364 in any related correspondence.

Sincerely,

/s/ Sean Downey
Director & Assistant General Counsel

Attachments: Exhibit A – Revisions to CME Agricultural Product Chapters

Chapter 52
Class III Milk Futures

5200. SCOPE OF CHAPTER ~~1~~

This chapter is limited in application to ~~futures trading in~~ Class III M~~m~~ilk futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~In addition to this chapter, Class III Milk futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate~~d~~ Chicago time.

5201. CONTRACT~~COMMODITY~~ SPECIFICATIONS ~~2~~

Each futures contract shall be valued at 2,000 times the USDA Class III Price for milk.

5202. TRADING SPECIFICATIONS~~FUTURES CALL~~

5202.A. Trading Schedule~~3~~

Futures contracts shall be scheduled for trading during such hours and final settlement~~delivery~~ in such months as may be determined by the Exchange~~Board of Directors~~.

5202.B. Trading Unit

The unit of trading shall be 200,000 pounds, expressed as 2,000 hundredweight (cwt.).

5202.C. Price Increments

Minimum price fluctuations shall be in multiples of $0.01 per cwt.

5202.D. Daily Price Limits ~~4~~

There shall be no trading at a price more than $0.75 per cwt. above or below the previous day's settlement price.

5202.E. Position Limits, Exemptions, Position Accountability and Reportable Levels ~~5~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control more than:~~

~~1,500 contracts long or short in any contract month;~~

~~For positions involving options on Milk futures, this rule is superseded by the option speculative position limit rule.~~

5202.F. [Reserved]~~Accumulation of Positions~~

~~For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

5202.G. [Reserved]~~Exemptions~~

~~The foregoing position limits shall not apply to bona fide hedging positions meeting the~~

~~1 Revised August 1998; March 2000.~~
~~2 Revised August 1998; March 2000.~~
~~3 Revised December 2001.~~
~~4 Revised June 2000; October 2003.~~
~~5 Revised March 2000; June 2000, October 2001; July 2003.~~

~~requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

5202.H. Termination of Trading ~~[6]~~

Trading shall terminate on the B~~b~~usiness D~~d~~ay immediately preceding the day on which the USDA announces the Class III price for that contract month.

5202.I. [Reserved]~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the 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, and all open and new contracts shall be subject to such government orders.~~

5203. SETTLEMENT PROCEDURES

5203.A. Final Settlement~~[7]~~

There shall be no delivery of milk in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the USDA Class III price for milk for the particular month, as first released.

5203.B.-H. [Reserved]

5204.-08~~7~~. [RESERVED]

~~5208. [RESERVED]~~

(End Chapter 52)

~~[6] Revised August 1998; March 2000.~~
~~[7] Revised September 1997; August 1998; March 2000..~~

Chapter 52A
Options on Class III Milk Futures

52A00. SCOPE OF CHAPTER~~[1]~~

This chapter is limited in application to ~~trading in put and call~~ options on ~~the~~ Class III Milk futures ~~contracts.~~ In addition to this chapter, options on Class III Milk futures shall be subject to the general rules and regulations of the Exchange insofar as applicable. ~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

52A01. OPTIONS CHARACTERISTICS

52A01.A. Contract Months ~~and Trading Hours~~ ~~[2]~~

Options contracts shall be listed for such contract months and final settlement in such months ~~scheduled for trading during such hours~~ as may be determined by the ~~Board of Directors.~~ Exchange.

52A01.B. Trading Unit ~~[3]~~

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Class III Milk futures contract as specified in Chapter 52.

52A01.C. Minimum Fluctuations

The price of an option shall be quoted in cents per hundredweight (cwt.). Minimum price fluctuations shall be in multiples of $0.01 per cwt. (also known as one tick). A trade may also occur at a price of $0.005 per cwt. ($10.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

52A01.D. ~~[Reserved]~~ Trading Hours

The hours of trading for options on Class III Milk futures contracts shall be determined by the Exchange. Options on Class III Milk futures shall be opened and closed for all months and strike prices simultaneously.

52A01.E. Exercise Prices ~~[4]~~

The exercise prices shall be stated in terms of dollars per cwt. For all contract months, exercise prices shall be at intervals of $0.25; e.g., $11.75, $12.00, $12.25, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of $6 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a $6 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Exchange~~Board~~ may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

~~[1] Revised March 2000.~~
~~[2] Revised December 2001.~~
~~[3] Revised March 2000.~~
~~[4] Revised December 2001, June 2008.~~

52A01.F ~~H [RESERVED].~~ Position Limits~~[5]~~, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~**In accordance with Rule 559, Position Limits and Exemptions, no person shall own or control Class III Milk futures and options positions in excess of:**~~

~~**No person shall own or control a combination of options and underlying futures that exceeds:**~~

~~**1. 1500 futures equivalent contracts net on the same side of the market in any contract month.;**~~

~~**For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.**~~

52A01.G. [Reserved]~~Accumulation of Positions~~

~~**The positions of all accounts owned or controlled by a person or persons acting in concert or in which such person or persons have a proprietary or beneficial interest, shall be cumulated. The Board may impose position limits for any such accounts as it deems appropriate.**~~

52A01.H. [Reserved]~~Exemptions~~

~~**The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.**~~

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

52A01.I. **Termination of Trading**

Options trading shall terminate on the same date and time as the underlying futures contract.

52A01.J. [Reserved]~~Contract Modification~~

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

52A02. EXERCISE AND ASSIGNMENT[6]

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Class III Milk options.

52A02.A. **Exercise of Option by Buyer**

~~[5] Revised June 2000, October 2001; July 2003.~~
~~[6] Revised March 2000.~~

The buyer of a Class III Milk ~~An~~ option may ~~be exercised by the buyer on any business day~~exercise the option~~ is traded~~ on any ~~b~~Business ~~d~~Day prior to expiration by giving notice~~. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise N notice~~ of exercise to the Clearing House by 7:00 p.m~~.~~., ~~,T on the day of exercise.~~or by such other time designated by the Exchange, on such day.

After the close on the last day of trading, all ~~An option that is~~ in-the-money[7] options shall be automatically exercised unless notice to cancel automatic exercise is given to the Clearing House. Notice ~~t~~to cancel automatic exercise shall be given ~~and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instruction delivered~~ to the Clearing House by 7:00 p.m., ~~T~~or by such other time designated by the Exchange, on the last day of trading.

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

~~on the day following the expiration by the clearing member representing the option buyer, be exercised automatically.~~

~~Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

52A02.B. Assignment

Exercise ~~N~~notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same ~~areas~~ series. A clearing member to which an Exercise ~~N~~notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~b~~Business D~~d~~ay.

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

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

52A03. **~~[RESERVED]~~ ~~CORRECTIONS TO OPTIONS EXERCISES~~**[RESERVED]**~~Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Tdeadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~**

~~[7] An option is in the money if the final settlement price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.~~

52A04.-29. [RESERVED]

FLEXIBLE CLASS III MILK OPTIONS~~[8]~~

52A30. SCOPE OF FLEXIBLE OPTION RULES

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

52A31. FLEXIBLE OPTION CHARACTERISTICS

52A31.A. Nature of Flexible Contracts~~[9]~~

Flexible options on Class III Milk futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same ~~expiration date~~Expiration Date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

52A31.B. Trading Unit~~[10]~~

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Class III Milk futures contract as specified in Chapter 52. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

52A31.C. Minimum Fluctuations

(Refer to Rule 52A01.C.—Minimum Fluctuations)

52A31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Class III Milk futures contract that is currently available for trading, as specified in Chapter 52.

52A31.E. Exercise Prices

Exercise prices shall be stated in terms of the Class III Milk futures contract that is deliverable upon exercise of the option and may be at intervals of $0.05 per hundredweight for all levels from $~~-~~0.05 to 1,000; e.g., 11.05, 11.10.

52A31.F-H ~~.~~[Reserved] ~~Position Limits~~

~~(Refer to Rule 52A01.F.—Position Limits)~~

~~52A31.G. Accumulation of Positions~~

~~(Refer to Rule 52A01.G.—Accumulation of Positions)~~

~~52A31.H. Exemptions~~

~~(Refer to Rule 52A01.H—Exemptions)~~

52A31.I. Termination of Trading

Flexible option ~~expiration date~~Expiration Dates may be specified for any Exchange ~~business day~~Business Day up to and including the last ~~trading day~~Trading Day of the underlying futures contract.

~~[8] Effective June 1998.~~
~~[9] Revised March 2000.~~
~~[10] Revised March 2000.~~

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

52A31.J. **~~Contract Modification~~[Reserved]**

~~(Refer to Rule 52A01.J.—Contract Modification)~~

52A32. FLEXIBLE OPTION EXERCISE ~~[[11]]~~

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Class III Milk futures.

52A32.A. Exercise of Flexible Option by Buyer

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any ~~business day~~Business Day that the option is traded and also on its ~~expiration date~~Expiration Date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M~~p.m.~~T.~~ on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M~~p.m.~~T.~~ on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its ~~expiration date~~Expiration Date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 ~~P.M.~~ p.m. ~~T~~on the day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

52A32.B. Assignment

(Refer to Rule 52A02.B.—Assignment)

52A33. [RESERVED]

52A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

52A35. RESPONSE TIME INTERVAL

No trades against the first RFQ submitted for a flexible option series on any ~~trading day~~Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

52A36. RFQ TRADING INTERVAL

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

52A37. EXPIRATION OF AN RFQ

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

52A38. REPORTING OF FLEXIBLE OPTION TRADES

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 52A)

~~[11] Revised March 2000.~~

Chapter 52B
Midsize Options on Class III Milk Futures

52B00. SCOPE OF CHAPTER ~~[1]~~

This chapter is limited in application to ~~trading in~~ Midsize options on ~~the~~ Class III Milk futures ~~contract.~~ In addition to this chapter, Midsize Options on Class III Milk futures shall be subject to the general rules and regulations of the Exchange insofar as applicable. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

52B01. OPTIONS CHARACTERISTICS

52B01.A. Contract Months ~~and Trading Hours~~ ~~[2]~~

Options contracts shall be listed for such contract months and final settlement in such months ~~scheduled for trading during such hours~~ as may be determined by the ~~Board of Directors~~ Exchange.

52B01.B. Trading Unit ~~[3]~~

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, 1,000 times the USDA Class III price for milk, expressed in dollars per hundredweight (cwt.).

52B01.C. Minimum Fluctuations

The price of an option shall be quoted in cents per hundredweight. Minimum price fluctuations shall be in multiples of $0.01 per cwt. ($10.00, also known as one tick). A trade may also occur at a price of $0.005 per cwt. ($5.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

52B01.D. ~~[Reserved]~~ Trading Hours

The hours of trading for Midsize Options on Class III Milk futures contracts shall be determined -by the Exchange. Midsize Options on Class III Milk futures shall be opened and closed for all months and strike prices simultaneously.

52B01.E. Exercise Prices ~~[4]~~

The exercise prices shall be stated in terms of dollars per cwt. For all contract months, exercise prices shall be at intervals of $0.25; e.g., $11.75, $12.00, $12.25, etc.

At the commencement of option trading in a contract month, the Exchange shall list put options in a range of $6 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer or settlement price in the underlying futures contract occurs at, or passes through, an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a $6 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer or settlement price occurred. New options may be listed for trading up to and including the termination of trading.

The Exchange~~Board~~ may modify the provisions governing the establishment of exercise prices as it deems appropriate.

The Exchange may modify the procedure for the introduction of strike prices as it deems

~~[1] Revised March 2000.~~
~~[2] Revised December 2001.~~
~~[3] Revised March 2000.~~
~~[4] Revised December 2001, June 2008.~~

appropriate in order to respond to market conditions.

52B01.F.~~H [RESERVED]~~. Position Limits~~[5]~~, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~**In accordance with Rule 559, Position Limits and Exemptions, no person shall own or control Midsize Options on Class III Milk futures and options positions in excess of:**~~

~~**No person shall own or control a combination of options and underlying futures that exceeds:**~~

~~**1500 Class III Milk futures-equivalent contracts net on the same side of the market in any contract month;**~~

~~**For the purpose of this rule, the futures equivalent of a midsize option contract is 0.50 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.**~~

52B01.G. [Reserved]~~Accumulation of Position~~

~~**For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.**~~

~~**52B01.H. Exemptions**~~

52B01.H. [Reserved]

~~**The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to option positions exempted pursuant to Rule 559.**~~

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

52B01.I. Termination of Trading~~[6]~~

Midsize Options on Class III Milk futures trading shall terminate on the same date and time as the Class III Milk futures. ~~contract.~~

52B01.J. [Reserved]~~Contract Modification~~

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

~~[5] Revised March 2000; June 2000, October 2001; July 2003.~~
~~[6] Revised March 2000.~~

~~all open and new options contracts shall be subject to such governmental orders.~~

52B02. EXERCISE AND ASSIGNMENT[7]

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of M~~m~~idsize O~~o~~ptions on Class III Milk futures.

52B02.A. Exercise of Option by Buyer

An option may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present a~~n exercise~~ notice to the Clearing House by 7:00 p.m. ~~Ton the day of exercise~~ or by such other time designated by the Exchange, on such day.

After the close on the last day of trading, all ~~Any option that is~~ in-the-money options shall be automatically exercised unless notice to cancel automatic exercise is given to the Clearing House. Notice to cancel automatic exercise shall be given ~~and has not been liquidated prior to its expiration date shall, in the absence of contrary instructions delivered~~ to the Clearing House by 7:00 p.m., ~~T~~ or by such time designated by the Exchange, on the last day of trading.

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

~~on the day following the expiration by the clearing member representing the option buyer, be exercised automatically.~~

~~Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

52B02.B. Assignment[8]

Exercise ~~N~~notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise ~~N~~notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

The clearing member assigned an Exercise ~~N~~notice shall be assigned a long futures position in the underlying futures contract if a put was exercised or a short futures position if a call ~~was~~ is exercised. The clearing member representing the option buyer shall be assigned a short futures position if a put ~~was~~ is exercised or a long futures position if a call ~~was~~ is exercised. The positions shall be equivalent to 0.50 times the value of the Class III Milk futures contract (i.e., 1,000 times the USDA Class III price for milk, expressed in dollars per hundredweight).

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

[7] ~~Revised March 2000.~~
[8] ~~Revised March 2000.~~

52B03. ~~**[RESERVED]** CORRECTIONS TO OPTIONS EXERCISES~~**[RESERVED]**

~~Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Chicago Time deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

Chapter 54
Nonfat Dry Milk Futures

5400. SCOPE OF CHAPTER

This chapter is limited in application to Nonfat Dry Milk futures~~ trading in n~~Nonfat ~~d~~Dry ~~m~~Milk. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, Nonfat Dry Milk futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

5401. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be valued at 44,000 times the USDA monthly weighted average price per pound in the U.S. for nonfat dry milk.

5402. TRADING SPECIFICATIONS ~~FUTURES CALL~~ [1]

5402.A. Trading Schedule [2]

Futures contracts shall be scheduled for trading ~~and delivery~~ during such hours and final settlement in such months as may be determined by the ~~Board of Directors~~ Exchange.

5402.B. Trading Unit

The unit of trading shall be 44,000 pounds.

5402.C. Price Increments

Minimum price fluctuations shall be in multiples of $0.00025 per pound.

5402.D. Daily Price Limits

There shall be no trading at a price more than $0.04 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month during the last 5 ~~trading day~~Trading Days in the spot month.

If any contract that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to $0.08 per pound for all contracts subject to a daily limit. If none of the contracts that are subject to a daily price limit of $0.08 settles at a limit bid or limit offer, the price, without regard to market direction, limits for all contracts subject to a daily limit shall revert to $0.04 per pound on the next ~~business day~~Business Day.

5402.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

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

~~No person shall own or control more than:~~

~~1. 1,000 contracts long or short in any contract month;~~

[1] ~~Revised October 1999; June 2001.~~
[2] ~~Revised December 2001.~~

~~2. 100 contracts long or short in the expiring contract month as of the close of business on the business day immediately preceding the last 5 trading days in the expiring contract.~~

~~For positions involving options on Nonfat Dry Milk futures, this rule is superseded by the option speculative position limit rule.~~

5402.F. [Reserved]~~Accumulation of Positions~~

~~For purposes of this rule the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

5402.G. [Reserved]~~Exemptions~~

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

~~A person seeking an exemption from this limit for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

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

5402.H. Termination of Trading[3]

Trading shall terminate on the ~~business day~~Business Day immediately preceding the release date for the USDA monthly weighted average price in the U.S. for Nonfat Dry Milk.

5402.I. [Reserved]~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the 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, and all open and new contracts shall be subject to such governmental orders.~~

5403. SETTLEMENT PROCEDURES[4]

5403.A. Final Settlement

There shall be no delivery of dry milk in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the USDA monthly weighted average price in the U.S. for nonfat dry milk, as first released.

5403.B. - H. ~~{~~[Reserved]~~}~~

5404.-08~~7~~. [RESERVED]

~~5408. [RESERVED]~~

(End Chapter 54)

~~[3] Revised August 1999.~~
~~[4] Revised August 1999.~~

Chapter 54A
Options on Nonfat Dry Milk Futures

54A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on ~~the~~ Nonfat Dry Milk futures ~~contracts.~~. In addition to ~~the rules of~~ this chapter, ~~transaction in~~ options on Nonfat Dry Milk futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

~~The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

54A01. OPTIONS CHARACTERISTICS

54A01.A. Contract Months ~~and Trading Hours~~ ~~[1]~~

Options contracts shall be listed for such contract months and final settlement -in such months ~~scheduled for trading during such hours~~ as may be determined by the ~~Board of Directors.~~Exchange.

54A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Nonfat Dry Milk futures contract as specified in Chapter 54.

54A01.C. Minimum Fluctuations

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of $0.00025 per pound (also known as one tick). A trade may also occur at a price of $0.000125 per pound ($5.50, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

54A01.D. ~~[Reserved]~~ Trading Hours

The hours of trading for options on Nonfat Dry Milk futures contracts shall be determined by the Exchange. Options on Nonfat Dry Milk futures shall be opened and closed for all months and strike prices simultaneously.

54A01.E. Exercise Prices ~~[2]~~

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2 cents; e.g., 100 cents, 102 cents, etc. In addition, for the nearest contract month, exercise prices shall be at intervals of 1 cent., as described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of 10 cents above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 10 cent range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract month becomes the nearest contract month, the Exchange shall add exercise prices at 1 cent intervals at a range of 4 cents above and below the previous day's settlement price of the underlying futures contract. If the previous day's futures contract settlement price equals an eligible exercise price, then that exercise price shall also be listed, if not yet listed. Thereafter, when a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through, an odd-numbered exercise price, the Exchange shall list on the next ~~trading day~~Trading

~~[1] Revised December 2001.~~
~~[2] Revised December 2001.~~

Day put and call options at the next higher (or next lower) exercise price within a 4 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Exchange~~Board~~ may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

54A01.F~~-H [RESERVED].~~ Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~**In accordance with Rule 559, Position Limits and Exemptions, no person shall own or control Nonfat Dry Milk futures and options positions in excess of:**~~

~~**No person shall own or control a combination of options and underlying futures that exceeds:**~~

~~**1. 1,000 futures equivalent contracts net on the same side of the market in any contract month.**~~

~~**2. 100 futures equivalent contracts net on the same side of the market in the expiring contract month as of the close of business on the business day**~~**Business Day** ~~**immediately preceding the last 5 trading day**~~**Trading Days** ~~**in the expiring contract.**~~

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

~~**For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day**~~**Business Day**~~**'s IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.**~~

~~**54A01.G. Accumulation of Positions**~~**54A01.G. [Reserved]**

~~**The positions of all accounts owned or controlled by a person or persons acting in concert or in which such person or persons have a proprietary or beneficial interest, shall be cumulated. The Board may impose position limits for any such accounts as it deems appropriate.**~~

~~**54A01.H. Exemptions**~~**54A01.H. [Reserved]**

~~**The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559. and shall not apply to other option positions exempted pursuant to Rule 559.**~~

54A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

54A01.J. ~~Contract Modification~~ [Reserved]

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

~~and all open and new options contracts shall be subject to such governmental orders.~~

54A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7 the following shall apply to the exercise of Nonfat Dry Milk options.

54A02.A. Exercise of Option by Buyer

The buyer of a Nonfat Dry Milk ~~An~~ option may ~~be exercised by the buyer on any business day~~ exercise the option ~~is traded~~ ~~. O~~on any ~~business day~~Business Day prior to expiration by giving ~~Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise N~~notice of exercise to the Clearing House by 7:00 p.m., ~~T~~~~on the day of exercise.~~ or by such other time designated by the Exchange, on such day.

After the close on the last day of trading, all ~~An option that is~~ in-~~-~~the-~~-~~money options shall be automatically exercised unless notice to cancel automatic exercise is given to the Clearing House. Notice to cancel automatic exercise shall be given ~~and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instruction delivered~~ to the Clearing House by 7:00 p.m., ~~T~~ or by such other time designated by the Exchange, on the last day of trading.~~on the business day following the expiration by the clearing member representing the option buyer, be exercised automatically.~~

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

54A02.B. Assignment

Exercise n~~N~~otices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same ~~areasseries~~series. A clearing member to which an Exercise n~~N~~otice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following B~~b~~usiness ~~d~~Day.

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

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

54A03. ~~[RESERVED]~~ ~~CORRECTIONS TO OPTIONS EXERCISES~~ [RESERVED]

~~Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Tdeadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

(End Chapter 54A)

Chapter 55
Class IV Milk Futures

5500. SCOPE OF CHAPTER

This chapter is limited in application to ~~futures trading in~~ Class IV Milk futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~In addition to this chapter, Class IV Milk futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

5501. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be valued at 2,000 times the USDA Class IV Milk price.

5502. TRADING SPECIFICATIONS~~FUTURES CALL~~

5502.A. Trading Schedule [1]

Futures contracts shall be scheduled for trading during such hours and ~~delivery~~ final settlement in such months as may be determined by the ~~Board of Directors~~ Exchange.

5502.B. Trading Unit

The unit of trading shall be 200,000 pounds, expressed as 2,000 hundredweight (cwt.).

5502.C. Price Increments

Minimum price fluctuations shall be in multiples of $0.01 per cwt.

5502.D. Daily Price Limits [2]

There shall be no trading at a price more than $0.75 per cwt. above or below the previous day's settlement price.

5502.E. Position Limits[3] Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

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

~~No person shall own or control more than~~

~~1,000 contracts long or short in any contract month.~~

~~For positions involving options on Class IV Milk futures, this rule is superseded by the option speculative position limit rule.~~

5502.F. [Reserved]~~Accumulation of Positions~~

~~**For purposes of this rule, the positions of all accounts directly or indirectly owned or**~~

[1] ~~Revised December 2001.~~
[2] ~~Revised October 2003.~~
[3] ~~Revised October 2011.~~

~~controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

5502.G. **[Reserved]**

~~**Exemptions**~~

~~**The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.**~~

~~**A person seeking an exemption from this limit for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.**~~

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

5502.H. Termination of Trading

Trading shall terminate on the ~~business day~~Business Day immediately preceding the day on which the USDA announces the Class IV price for that contract month.

5502.I. **[Reserved]**~~Contract Modifications~~

~~**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, and all open and new contracts shall be subject to such government orders.**~~

5503. SETTLEMENT PROCEDURES

5503.A. Final Settlement

There shall be no delivery of Class IV milk in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the USDA Class IV Price for milk for the particular month, as first released.

5503.B.-H. [Reserved]

5504. - 08~~7~~. [RESERVED]

~~5508. [RESERVED]~~

(End Chapter 55)

Chapter 55A
Options on Class IV Milk Futures

55A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on ~~the~~ Class IV Milk futures ~~contracts~~. In addition to this chapter, ~~transaction in~~ options on Class IV Milk futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

~~The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

55A01. OPTIONS CHARACTERISTICS

55A01.A. Contract Months ~~and Trading Hours~~ ~~[1]~~

Options contracts shall be listed for such contract months and final settlement in such months ~~scheduled for trading during such hours~~ as may be determined by the ~~Board of Directors.~~Exchange.

55A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Class IV Milk futures contract as specified in Chapter 55.

55A01.C. Minimum Fluctuations

The price of an option shall be quoted in cents per hundredweight (cwt.). Minimum price fluctuations shall be in multiples of $0.01 per cwt. (also known as one tick). A trade may also occur at a price of $0.005 per cwt. ($10.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

55A01.D. ~~[Reserved]~~ Trading Hours

The~~he~~ hours of trading for options on Class IV Milk futures contracts shall be determined by the Exchange. Options on Class IV Milk futures shall be opened and closed for all months and strike prices simultaneously.

55A01.E. Exercise Prices ~~[2]~~

The exercise prices shall be stated in terms of dollars per cwt. For all contract months, exercise prices shall be at intervals of $0.25; e.g., $11.75, $12.00, $12.25, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of $4 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a $4 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Exchange~~Board~~ may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

55A01.F~~-H [RESERVED]~~. Position Limits[3], Exemptions, Position Accountability and

~~[1] Revised December 2001.~~
~~[2] Revised December 2001.~~

Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~**In accordance with Rule 559, Position Limits and Exemptions, no person shall own or control Class IV Milk futures and options positions in excess of:**~~

~~**No person shall own or control a combination of options and underlying futures that exceeds**~~

~~**1,000 futures equivalent contracts net on the same side of the market in any contract month.**~~

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

~~**For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day**~~**Business Day**~~**'s IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.**~~

~~**55A01.G. Accumulation of Positions**~~**55A01.G. [Reserved]**

~~**The positions of all accounts owned or controlled by a person or persons acting in concert or in which such person or persons have a proprietary or beneficial interest, shall be cumulated. The Board may impose position limits for any such accounts as it deems appropriate.**~~

~~**55A01.H. Exemptions**~~**55A01.H. [Reserved]**

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

55A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

55A01.J. ~~**Contract Modification**~~**[Reserved]**

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

~~[3] Revised October 2011.~~

55A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Class IV Milk options.

55A02.A. Exercise of Option by Buyer

The buyer of a Class IV Milk ~~An~~ option may ~~be exercised by the buyer on any business day~~ exercise the option ~~is traded~~ on any B~~b~~usiness ~~d~~Day prior to expiration by giving ~~. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise N~~notice of ex~~c~~ercise to the Clearing House by 7:00 p.m., ~~T. on the day of exercise~~ or by such other time designated by the Exchange, on such day.

After the close on the last day of trading, all ~~An option that is~~ in-the-money options shall be automatically exercised unless notice to cancel automatic exercise is given to the Clearing House. Notice to cancel automatic exercise shall be given~~.~~ ~~and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instruction delivered~~ to the Clearing House by 7:00 p.m., ~~T~~ or by such other time designated by the Exchange, on the last day of trading.~~.~~ ~~on the day following the expiration by the clearing member representing the option buyer, be exercised automatically.~~

~~Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bonafide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Chicago Time deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

55A02.B. Assignment

Exercise ~~N~~notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same ~~areas~~ series. A clearing member to which an Exercise ~~N~~notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

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

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

55A03. ~~[RESERVED]~~ ~~CORRECTIONS TO OPTIONS EXERCISES~~[RESERVED]

~~Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Chicago Time deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of~~

~~the Clearing House, or the President's designee, and such decision will be final.~~

55A04.-29. [RESERVED]

FLEXIBLE CLASS IV MILK OPTIONS

55A30. SCOPE OF FLEXIBLE OPTION RULES

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

55A31. FLEXIBLE OPTION CHARACTERISTICS

55A31.A. Nature of Flexible Contracts

Flexible options on Class IV Milk futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same ~~expiration date~~Expiration Date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

55A31.B. Trading Unit

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Class IV Milk futures contract as specified in Chapter 55. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

55A31.C. Minimum Fluctuations

(Refer to Rule 55A01.C.–Minimum Fluctuations)

55A31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Class IV Milk futures contract that is currently available for trading, as specified in Chapter 55.

55A31.E. Exercise Prices

Exercise prices shall be stated in terms of the Class IV Milk futures contract that is deliverable upon exercise of the option and may be at intervals of $0.05 per hundredweight for all levels from $0~~-~~.05 to 1,000; e.g., 11.05, 11.10.

55A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

(Refer to Rule 55A01.F – Position Limits, Exemptions, Position Accountability and Reportable Levels)

55A31.G. ~~–~~[Reserved]

~~Accumulation of Positions~~

5A31.H. [Reserved]

~~Exemptions~~

55A31.I. Termination of Trading

Flexible option ~~expiration date~~Expiration Dates may be specified for any Exchange ~~business day~~Business Day up to and including the last ~~trading day~~Trading Day of the underlying futures contract.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

55A31.J. ~~Contract Modification~~[Reserved]

~~(Refer to Rule 55A01.J.–Contract Modification)~~

55A32. FLEXIBLE OPTION EXERCISE ~~AND ASSIGNMENT~~

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Class IV Milk futures.

55A32.A. Exercise of Flexible Option by Buyer

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any ~~business day~~Business Day that the option is traded and also on its ~~expiration date~~Expiration Date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. ~~TP.M.~~ on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m.~~P.M.~~ ~~T~~ on the day of exercise.

Any flexible option that is in-~~–~~the-~~–~~money and has not been liquidated or exercised prior to its ~~expiration date~~Expiration Date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 ~~P.M.~~p.m. ~~T~~ on the day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

55A32.B. Assignment

(Refer to Rule 55A02.B.–Assignment)

55A33. [RESERVED]

55A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

55A35. RESPONSE TIME INTERVAL

No trades against the first RFQ submitted for a flexible option series on any ~~trading day~~Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

55A36. RFQ TRADING INTERVAL

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

55A37. EXPIRATION OF AN RFQ

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

55A38. REPORTING OF FLEXIBLE OPTION TRADES

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 55A)

Chapter 56
Cash-~~-~~Settled Butter Futures

5600. SCOPE OF CHAPTER

This chapter is limited in application to Cash-Settled Butter futures.~~ trading in~~~~C-S~~ ~~b~~B~~utter.~~ ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~In addition to this chapter, Cash-Settled Butter futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

5601. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be valued at 20,000 times the USDA monthly weighted average price per pound in the U.S. for butter.

5602. TRADING SPECIFICATIONS ~~FUTURES CALL~~

5602A. Trading Schedule

Futures contracts shall be scheduled for trading ~~and delivery~~ during such hours and final settlement in such months as may be determined by the ~~Board of Directors~~ Exchange.

5602.B. Trading Unit

The unit of trading shall be 20,000 pounds.

5602.C. Price Increments

Minimum price fluctuations shall be in multiples of $0.00025 per pound.

5602.D. Daily Price Limits

There shall be no trading at a price more than $0.05 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month during the last 5 days of trading.

If the contract nearest to expiration that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to $0.10 per pound for all contracts subject to a daily price limit.

If, after the daily price limits have been increased to $0.10 per pound, the contract nearest to expiration that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to $0.20 per pound for all contracts subject to a daily price limit.

If the contract nearest to expiration that is subject to a daily price limit of $0.20 does not settle at the limit bid or offer, the price limits shall revert to $0.10 per pound on the next ~~business day~~Business Day.

If the contract nearest to expiration that is subject to a daily price limit of $0.10 does not settle at the limit bid or offer, the price limits shall revert to $0.05 per pound on the next ~~business day~~Business Day.

5602.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

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

~~**No person shall own or control more than:**~~

~~1. 500 contracts long or short in any contract month;~~

~~2. 100 contracts long or short in the expiring contract month as of the close of business on the business day immediately preceding the last 5 trading days in the expiring contract.~~

~~For positions involving options on Cash Settled Butter futures, this rule is superseded by the option speculative position limit rule.~~

5602.F. [Reserved]~~Accumulation of Positions~~

~~For purposes of this rule the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

~~**5602.G.Exemptions**~~

5602.G. [Reserved]

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

~~A person seeking an exemption from this limit for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

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

5602.H. Termination of Trading

Trading shall terminate on the ~~business day~~Business Day immediately preceding the release date for the USDA monthly weighted average price in the U.S. for butter.

5602.I. [Reserved]~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the 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, and all open and new contracts shall be subject to such governmental orders.~~

5603. SETTLEMENT PROCEDURES~~FINAL SETTLEMENT~~

5603.A. Final ~~Cash~~ Settlement

There shall be no delivery of butter in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the USDA monthly weighted average price in the U.S. for butter, as first released.

5603.B.-H. [Reserved]~~Reserved~~

5604-08~~7~~ [RESERVED]

~~5608. [RESERVED]~~

(End Chapter 56)

Chapter 56A
Options on Cash-Settled Butter Futures

56A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on ~~the~~ Cash-Settled Butter futures ~~contract~~s. In addition to this chapter, ~~transaction in~~ options on Cash-Settled Butter futures shall be subject to the general rules and regulations of the Exchange insofar as applicable. ~~The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

56A01. OPTIONS CHARACTERISTICS

56A01.A. Contract Months ~~and Trading Hours~~

Options contracts shall be listed for such contract months and final settlement in such months as may be determined by the Exchange.

~~and scheduled for trading during such hours as may be determined by the Board of Directors.~~

56A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Cash-Settled Butter futures contract as specified in Chapter 56.

56A01.C. Minimum Fluctuations

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of $0.00025 per pound (also known as one tick). A trade may also occur at a price of $0.000125 per pound ($5.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

56A01.D. ~~[Reserved]~~ Trading Hours

The hours of trading for options on Cash-Settled Butter futures contracts shall be determined by the Exchange. Options on Cash-Settled Butter futures shall be opened and closed for all months and strike prices simultaneously.

56A01.E. Exercise Prices

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2 cents; e.g., 100 cents, 102 cents, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of 10 cents above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 10 cent range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Exchange~~Board~~ may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

56A01.F~~. H. [RESERVED]~~. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~**In accordance with Rule 559, Position Limits and Exemptions, no person shall own or control Cash Settled Butter futures and options positions in excess of:**~~

~~**No person shall own or control a combination of options and underlying futures that exceeds:**~~

~~**1. 500 futures equivalent contracts net on the same side of the market in any contract month.**~~

~~**2. 100 contracts long or short in the expiring contract month as of the close of business on the business day**~~**Business Day** ~~**immediately preceding the last 5 trading days in the expiring contract.**~~

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

~~**For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day**~~**Business Day**~~**'s IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call.**~~

~~5~~6A01.G. [Reserved]~~Accumulation of Positions~~

~~**The positions of all accounts owned or controlled by a person or persons acting in concert or in which such person or persons have a proprietary or beneficial interest, shall be cumulated. The Board may impose position limits for any such accounts as it deems appropriate.**~~

56A01.H. [Reserved]~~Exemptions~~

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

56A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

56A01.J. [Reserved]~~Contract Modification~~

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

56A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7 the following shall apply to the exercise of Cash-Settled Butter options.

56A02.A. Exercise of Option ~~by Buyer~~

The buyer of a Cash-Settled Butter ~~An~~ option may ~~be exercised by the buyer on any business day~~ exercise the option ~~is traded.~~ o~~O~~n any ~~B~~business ~~D~~day prior to expiration by giving ~~Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise N~~notice of exercise to the Clearing House by 7:00 p.m., ~~T on the day of exercise.~~or by such other time designated by the Exchange, on such day.

After the close on the last day of trading all ~~An option that is~~ in-the-money options shall be automatically exercised unless notice to cancel automatic exercise given to the Clearing House. Notice to cancel automatic exercise shall be given ~~and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instruction delivered~~ to the Clearing House by 7:00 p.m., ~~T~~ or by such other time designated by the Exchange, on the last day of trading. ~~on the business day following the expiration by the clearing member representing the option buyer, be exercised automatically.~~

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

56A02.B. Assignment

Exercise ~~N~~notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an ~~E~~Exercise ~~N~~notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following B~~b~~usiness D~~d~~ay.

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

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

56A03. [RESERVED]~~CORRECTIONS TO OPTIONS EXERCISESCorrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Tdeadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

56A04.-29. [RESERVED]

~~[~~FLEXIBLE CASH-SETTLED BUTTER OPTIONS~~]~~

56A30. SCOPE OF FLEXIBLE OPTION RULES

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

56A31. FLEXIBLE OPTION CHARACTERISTICS

56A31. A. Nature of Flexible Contracts

Flexible options on Cash-Settled Butter futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same ~~expiration date~~Expiration Date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

56A31. B. Trading Unit

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Cash- Settled Butter futures contract as specified in Chapter 56. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

56A31.C. Minimum Fluctuations

(Refer to Rule 56A01.C.— Minimum Fluctuations)

56A31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Cash- Settled Butter futures contract that is currently available for trading, as specified in Chapter 56.

56A31.E. Exercise Prices

Exercise prices shall be stated in terms of the Cash- Settled Butter futures contract that is deliverable upon exercise of the option and may be at intervals of $0.25 cents per pound for all levels from ~~0~~0.25 to 1,000; e.g., 100.25, 100.50.

56A31.F. ~~– H [RESERVED]~~Position Limits, Exemptions, Position Accountability and Reportable Levels

(Refer to Rule 56A01.F.— Position Limits, Exemptions, Position Accountability and Reportable Levels~~Position Limits~~)

56A31.G. [Reserved]~~Accumulation of Positions~~

~~(Refer to Rule 56A01.G.—Accumulation of Positions)~~

56A31.H. [Reserved]

~~Exemptions~~

~~(Refer to Rule 56A01.H.—Exemptions)~~

56A31.I. Termination of Trading

Flexible option ~~expiration date~~Expiration Dates may be specified for any Exchange ~~business day~~Business Day up to and including the first Friday of the delivery month of the underlying futures contract. If that Friday is not a ~~business day~~Business Day, then ~~expiration date~~Expiration Dates may be specified for any Exchange ~~business day~~Business Day up to and including the immediately preceding ~~business day~~Business Day.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

56A31.J. [Reserved]~~Contract Modification~~

~~(Refer to Rule 56A01.I.—Contract Modification)~~

56A32. FLEXIBLE OPTION EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Cash- Settled Butter futures.

56A32.A. Exercise of Flexible Option by Buyer

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any ~~business day~~Business Day that the option is traded and also on its E~~e~~xpiration D~~d~~ate. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M~~p.m. ~~T.~~ on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M~~p.m., ~~T.~~ on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its ~~expiration date~~Expiration Date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 ~~P.M.~~p.m. ~~T~~ on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.

56A32.B. Assignment

(Refer to Rule 56A02.B.—Assignment)

56A33. [RESERVED]

56A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

56A35. RESPONSE TIME INTERVAL

No trades against the first RFQ submitted for a flexible option series on any ~~trading day~~Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

56A36. RFQ TRADING INTERVAL

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

56A37. EXPIRATION OF AN RFQ

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

56A38. REPORTING OF FLEXIBLE OPTION TRADES

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 56A)

Chapter 57
CME Dry Whey Futures

5700. SCOPE OF CHAPTER

This chapter is limited in application to Dry Whey futures ~~trading Dry Whey~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~In addition to this chapter, Dry Whey futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

5701. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be valued at 44,000 times the USDA monthly weighted average price per pound in the U.S. for dry whey.

5702. TRADING SPECIFICATIONS ~~FUTURES CALL~~

5702.A. Trading Schedule

Futures contracts shall be scheduled for trading ~~and delivery~~ during such hours and final settlement in such months as may be determined by the ~~Board of Directors~~ Exchange.

5702.B. Trading Unit

The unit of trading shall be 44,000 pounds.

5702.C. Price Increments

Minimum price fluctuations shall be in multiples of $0.00025 per pound.

5702.D. Daily Price Limits

There shall be no trading at a price more than $0.06 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month during the last 5 ~~trading day~~Trading Days in the spot month.

If any contract that is subject to a daily limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to $0.12 per pound for all contracts. If none of the contracts that are subject to a daily price limit of $0.12 settles at the limit bid or offer, the price limits for all contracts shall revert to $0.06 per pound on the next ~~business day~~Business Day.

5702.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

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

~~**No person shall own or control more than:**~~

~~**1000 contracts long or short in any contract month;**~~

~~**200 contracts long or short in the expiring contract month as of the close of business on the business day**~~**Business Day** ~~**immediately preceding the last 5 trading day**~~**Trading Days** ~~**in the expiring contract.**~~

~~**For positions involving options on Dry Whey futures, this rule is superseded by the option speculative position limit rule.**~~

5702.F. [Reserved]~~Accumulation of Positions~~

~~**For purposes of this rule the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.**~~

5702.G. [Reserved]~~Exemptions~~

~~**The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.**~~

~~**A person seeking an exemption from this limit for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.**~~

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

5702.H. Termination of Trading

Trading shall terminate on the B~~b~~usiness D~~d~~ay immediately preceding the release date for the USDA monthly weighted average price in the U.S. for Dry Whey.

5702.I. [Reserved]~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the 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, and all open and new contracts shall be subject to such governmental orders.~~

5703. SETTLEMENT PROCEDURES

5703.A. Final Settlement~~FINAL SETTLEMENT~~

There shall be no delivery of dry whey in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the USDA monthly weighted average price in the U.S. for dry whey, as first released.

5703.B-H. [Reserved]

5704.-08~~7~~. [RESERVED]

~~5708. [RESERVED]~~

(End Chapter 57)

Chapter 57A
Options on Dry Whey Futures

57A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on ~~the~~ Dry Whey futures ~~contracts~~. In addition to this chapter, ~~transaction in~~ options on Dry Whey futures shall be subject to the general rules and regulations of the Exchange insofar as applicable. ~~The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

57A01. OPTIONS CHARACTERISTICS

57A01.A. Contract Months ~~and Trading Hours~~

Options contracts shall be listed for such contract months and final settlement in such months ~~scheduled for trading during such hours~~ as may be determined by ~~the Board of Directors~~ Exchange.

57A01B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Dry Whey futures contract as specified in Chapter 57.

57A01.C. Minimum Fluctuations

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of $0.00025 per pound (also known as one tick). A trade may also occur at a price of $0.000125 per pound ($5.50, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

57A01.D. Trading Hours~~RADING HOURS~~

The hours of trading for options on Dry Whey futures contracts shall be determined by the Exchange. Options on Dry Whey futures shall be opened and closed for all months and strike prices simultaneously.

57A01~~.D~~E. Exercise Prices

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 1 cent; e.g., 20 cents, 21 cents, etc. In addition, for the 2 nearest contract months, some exercise prices shall be at intervals of .50 cent; e.g., 20.50 cents, 21.50 cents, as described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of 5 cents above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 5 cent range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract month becomes the second nearest contract month, the Exchange shall add exercise prices at .50 cent intervals at a range of 5 cents above and below the previous day's settlement price of the underlying futures contract. If the previous day's futures contract settlement price equals an eligible exercise price, then that exercise price shall also be listed, if not yet listed. Thereafter, when a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through, an exercise price within a 5 cent range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred, the Exchange shall list on the next ~~trading day~~Trading Day put and call options at the next higher (or next lower) exercise price within a 5 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Exchange~~Board~~ may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

57A01.~~EF-G. [RESERVED]~~. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control a combination of options and underlying futures that exceeds:~~

~~1. 1000 futures equivalent contracts net on the same side of the market in any contract month.~~

~~2. 200 futures equivalent contracts net on the same side of the market in the expiring contract month as of the close of business on the business day immediately preceding the last 5 trading days in the expiring contract.~~

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business dayBusiness DayBusiness Day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

~~57A01.FAccumulation of Positions~~

~~The positions of all accounts owned or controlled by a person or persons acting in concert or in which such person or persons have a proprietary or beneficial interest, shall be cumulated. The Board may impose position limits for any such accounts as it deems appropriate.~~

57A01.G. [Reserved]

~~Exemptions~~

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

57A01.H. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

57A01.I. [Reserved]~~Contract Modification~~

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

57A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7 the following shall apply to the exercise of Dry Whey options.

57A02.A. Exercise of Option ~~by Buyer~~

The buyer of a Dry Whey ~~An~~ option may ~~be exercised by the buyer on any business day~~ exercise the option ~~is traded.~~ on any ~~business day~~Business Day prior to expiration by giving ~~Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise N~~notice of exercise to the Clearing House by 7:00 p.m., ~~. T on the day of exercise~~or by such other time designated by the Exchange, on such day.

After the close on the last day of trading, all ~~An option that is~~ in-the-money options shall be automatically exercised unless notice to cancel automatic is given to the Clearing House. Notice to cancel automatic exercise shall be given ~~and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instruction delivered~~ to the Clearing House by 7:00 p.m. ~~. T~~ or by such other time designated by the Exchange, on the last day of Trading . ~~on the business day~~Business Day ~~following the expiration by the clearing member representing the option buyer, be exercised automatically.~~

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

57A02.B. Assignment

Exercise ~~N~~notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same ~~areas~~ series. A clearing member to which an E~~E~~xercise ~~N~~notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

The clearing member assigned an Exercise n~~N~~otice shall be assigned a short position in the underlying futures contract if a call ~~was~~ is exercised or a long position if a put ~~was~~ is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call ~~was~~ is exercised and a short position if a put ~~was~~ is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the ~~trading day~~Trading Day following acceptance by the Clearing House of the E~~E~~xercise n~~N~~otice.

57A03. [RESERVED]~~CORRECTIONS TO OPTIONS EXERCISES~~

~~Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Tdeadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

(End Chapter 57A)

Chapter 59
CME International Skimmed Milk Powder Futures

5900. SCOPE OF CHAPTER

This chapter is limited in application to International Skimmed Milk Powder futures~~ trading in iInternational sSkimmed mMilk pPowder~~. ~~The procedures for trading, clearing, inspection, delivery, settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~ In addition to this chapter, International Skimmed Milk Powder futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

5901. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

The commodity traded pursuant to this chapter shall consist of Skimmed Milk Powder (SMP) manufactured from bovine milk and meet the "Codex Standard for Milk Powders and Cream Powder" (Codex Standard 207-1999) as contained in *Codex Alimentarius*, as amended, or in such other document or announcement in force on the date of manufacture as may supersede this publication. On the Day of Intent, the SMP shall be less than 180 days old.

5902. TRADING SPECIFICATIONS ~~FUTURES CALL~~

5902.A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours and in such months as may be determined by the Exchange.

5902.B. Trading Unit

The unit of trading shall be twenty (20) metric tonnes.

5902.C. Price Increments

Minimum price fluctuations shall be in multiples of $0.50 per metric tonne.

5902.D. Daily Price Limits

There shall be no trading at a price more than $50.00 per metric tonne above or below the previous day's settlement price, except that there shall be no daily price limits in the expiring contract during the last 5 ~~trading day~~Trading Days.

If the contract that is subject to a daily limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to $100.00 per metric tonne for all contracts subject to a daily limit. If none of the contracts that are subject to a daily price limit of $100.00 settles at a limit bid or limit offer, limits for all contracts subject to a daily limit shall revert to $50.00 per metric tonne on the next ~~business day~~Business Day.

5902.E ~~H. [RESERVED].~~Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

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

~~No person shall own or control more than:~~

~~1. 1000 contracts long or short in any contract month;~~

~~2. 500 contracts long or short in the expiring contract month as of the close of business on the business day immediately preceding the last 5 trading days in the expiring contract.~~

~~For positions involving options on SMP futures, this rule is superseded by the option speculative position limit rule.~~

5902.F. **[Reserved]~~Accumulation of Positions~~**

~~For purposes of this rule the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

5902.G. **[Reserved]~~Exemptions~~**

~~The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the Commodity Futures Trading Commission and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

~~A person seeking an exemption from this limit for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

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

5902.H. **Termination of Trading**

Futures trading shall terminate on the ~~business day~~Business Day immediately preceding the last seven ~~business day~~Business Days of the contract month.

5902.I. **Contract Modifications**

~~Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the 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 and all open and new contracts shall be subject to such governmental orders.~~

5903. SETTLEMENT PROCEDURES

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the delivery of SMP:

5903.A. **Delivery Days**

Delivery may be made on any ~~business day~~Business Day of the contract month, except that delivery may not be made prior to the fourth ~~business day~~Business Day following the first Friday of the contract month.

The Day of Delivery shall be defined as three ~~business day~~Business Days after the Day of Intent. The Day of Intent shall be not sooner than the first ~~business day~~Business Day following the first Friday of the month and not later than the third ~~business day~~Business Day prior to the last ~~business day~~Business Day of the month.

5903.B. **Seller's Duties**

To make delivery, the seller is responsible for determining, in advance of submitting a Delivery Notice, if the receiving freight forwarder will be able to accommodate the delivery and furnish the Clearing House with a confirmation via e-mail.

On the Day of Intent, the seller must furnish to the Clearing House no later than 4:30 p.m. ~~T~~a Notice of Intent to Deliver on a form prescribed by the Exchange. The buyer shall be notified by the Exchange no later than 5:30 p.m. ~~T~~of said day unless such notification deadline is extended by the President.

In addition, the seller shall present the following information to the Clearing House via e-mail no later than 4:30 p.m. ~~T~~on the Day of Intent:

1. Name of freight forwarder and contact information
2. Location of warehouse to which product will be delivered including address
3. Packing List
4. Commercial Invoice
5. Certificate of Analysis
6. Certificate of Halal
7. Any other documentation required by the Clearing House to complete the delivery

The seller shall provide the freight forwarder with at least twenty-four hours notice that a shipment will be delivered to the named warehouse.

The seller shall be responsible for moving the SMP into the named warehouse no later than 3 ~~business day~~Business Days following the Day of Intent.

5903.C. Buyer's Duties

The buyer receiving a delivery notice may not liquidate the long position to which a delivery is assigned.

The buyer shall notify the Clearing House by 3:00 p.m. ~~T~~on the ~~business day~~Business Day following the Day of Intent:

1. If the SMP is for immediate export
2. If the SMP is to be shipped on pallets or slip sheets
3. If the SMP is to be stored at the warehouse to which product will be delivered by the seller
4. If a different freight forwarder will be handling the SMP following the completion of delivery
5. If a third party analysis will be conducted

If the buyer selects a different freight forwarder to handle the SMP following the completion of delivery, the SMP may be moved only after it has been weighed by the seller's freight forwarder and final payment has been made to the seller, at which point ownership transfers from the seller to the buyer. Upon transfer of ownership the buyer is solely responsible for all associated costs.

The Buyer must deposit with the Clearing House, not later than 12:00 noon ~~T~~on the ~~business day~~Business Day following the Day of Intent, a wire transfer for an amount equal to 20 metric tonnes times the daily settlement price.

5903.D. Payment

Payment to the seller will be made on the ~~business day~~Business Day following the Day of Delivery. Payment will be calculated on the net weight of the load as determined by the seller's freight forwarder and reported to the Clearing House, and the corresponding payment will be made to the seller as described in Rule 5903.E. If the par payment is greater than the actual payment based on the calculated net weight, the Clearing House will remit the excess funds to the buyer.

The net weight will be calculated by the seller's freight forwarder using the number of bags times 25kg.

5903.E. Completion of Delivery

Upon receipt of the buyer's payment and the seller's fulfillment of the delivery in accordance with all the conditions of the contract herein set forth, the Clearing House shall make payment to the seller and notify the freight forwarder to release all original documentation as described in Rule 5903.B. to the buyer.

5903.F. Approved Facilities

SMP must be produced in Australia, European Union, New Zealand or United States of America. The facilities must be approved as of the date of manufacture by the certifying government agency responsible for dairy foods production in the country of origin.

5904. PAR DELIVERY AND SUBSTITUTIONS

5904.A. Par Delivery Unit

A par delivery unit is 20 metric tonnes of skimmed milk powder meeting all requirements of this Chapter.

1. Quality Specifications -

SMP must be heat treated at a minimum 72°C (161°F) for a minimum 15 seconds for purposes of pasteurization and must additionally receive heat treatment to provide Medium Heat characteristics to the finished product (Undenatured Whey Protein Nitrogen Index $\geq$ 1.51 mg and $\leq$ 5.99 mg per gram skimmed milk powder) per *Standard Methods for the Examination of Dairy Products, 17th ed.,* American Public Health Association, as amended or in such other document or announcement as may supersede this publication.

Permissible radioactivity level shall be not more than 50 Becquerels per kilogram measured as Caesium 134 and Caesium 137.

SMP shall be certified Halal by oversight organizations acceptable in the country of origin.

SMP and the raw milk from which it was produced shall comply with applicable laws and regulations of the country of origin.

2. Packaging -

All SMP shall meet the General Principles of Food Hygiene in Codex Alimentarius CAC/RCP 1 -1969, Rev. 4 – 2003, as amended or in such other document or announcement as may supersede this publication as to hygienic practices, food safety, and packaging of Milk and Milk Products.

Product shall be packed in a stitched or glued 25kg (55 lb) multi-layer bag with a separate polyethylene inner liner, with no staples or metal fasteners.

5904.B. Delivery Points

Delivery may be made only from the following locations: Auckland (New Zealand), Los Angeles (United States), Melbourne (Australia), Newark (United States), Rotterdam (Netherlands) and Seattle (United States).

5904.C. Deviations and Allowances

The delivery unit may vary between 18 and 20 metric tonnes in gross weight but payment shall be made on the basis of the net weight delivered, as described in Rule 5903.D.

5905. INSPECTION

SMP shall meet the standards set forth in these Rules.

The Buyer (at buyer's expense) has the right to call for an independent analysis. Buyer shall notify the Clearing House by 3:00 p.m. ~~T~~on the ~~business day~~Business Day following the Day of Intent that an analysis has been requested. An independent analysis shall be completed within 16 calendar days of the Day of Intent. Upon receipt of the official report, the buyer shall provide a copy of the report to the Clearing House within one ~~business day~~Business Day. Results shall be binding on all parties.

If the buyer requests an analysis, then the buyer shall pay 90% of the settlement price time's 20 metric tonnes within 3 ~~business day~~Business Days after the Day of Intent, and the balance when the analysis is complete.

A seller must have replacement SMP at the same warehouse within 10 ~~business day~~Business Days after notification by the Clearing House that a failed analysis has been issued.

Failure of delivered SMP to meet all specifications of this Chapter shall result in replacement of the failed product by the seller and compensation to the buyer for expenses and losses.

Compensation for expenses and losses shall be established at $3,000 per contract, payable to the buyer.

5906. [RESERVED]

5907. ASSOCIATED COSTS

5907.A. General

The costs for all examinations and related services performed by the independent analysis and the costs of Exchange documentation and related services, such as repackaging after examination and warehouse charges, shall be borne by the buyer.

5907.B. Pallet Charges

SMP must be loaded on heat treated pallets meeting ISPM15 certification for shipping. No pallet charges shall apply.

5907.C. Import and Export Fees

Seller shall be responsible for all documentation requirements at the time of sale. Buyer is responsible for all expenses following the transfer of ownership.

5907.D. Freight Forwarder Charges

A fee will apply for all services performed by the freight forwarder(s) including but not limited to documentation, handling and storage. Fees for freight forwarder services prior to the transfer of ownership shall be the responsibility of the seller, and fees for freight forwarder services following the transfer of ownership shall be the responsibility of the buyer. All such fees shall be billed by the freight forwarder(s) directly to the buyer and/or seller, as appropriate.

5907.E. Warehouse Charges

The seller shall assume storage charges up to 5:00 p.m. ~~T~~on the second calendar day after the Day of Delivery. The buyer shall be responsible 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 in the calendar month (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 Notice of Intent to Deliver.

5908. [RESERVED]

(End Chapter 59)

Chapter 59A
Options on CME International Skimmed Milk Powder Futures

59A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on ~~the~~ International Skimmed Milk Powder futures. ~~contracts~~ In addition to this chapter, ~~transaction in~~ options on International Skimmed Milk Powder futures shall be subject to the general rules and regulations of the Exchange insofar as applicable. ~~The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

59A01. OPTIONS CHARACTERISTICS

59A01.A. Contract Months ~~and Trading Hours~~

Options contracts shall be listed for such contract months and final settlement in such months ~~scheduled for trading during such hours~~ as may be determined by the Exchange.

59A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one International Skimmed Milk Powder futures contract as specified in Chapter 59.

59A01.C. Minimum Fluctuations

The price of an option shall be quoted in dollars and cents per metric tonne. Minimum price fluctuations shall be in multiples of $0.50 per metric tonne. A trade may also occur at a price of $0.25 per metric tonne, whether or not it results in the liquidation of positions for both parties to the trade.

59A01.D. Trading Hours

The hours of trading for options on International Skimmed Milk Powder futures contracts shall be determined by the Exchange. Options on International Skimmed Milk Powder futures shall be opened and closed for all months and strike prices simultaneously

59A01.~~.D~~E. Underlying Futures Contract

The underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in January is the January futures contract.

59A01.~~E~~F. Exercise Prices

The exercise prices shall be stated in terms of dollars per metric tonne at intervals of $5; e.g., $1100, $1105, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of $100 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a $100 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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

59A01.G. Position Limits, Exemptions, Position Accountability and Reportable

Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control a combination of options and underlying futures that exceeds:~~

~~No person shall own or control a combination of options and underlying futures that exceeds 1000 futures equivalent contracts net on the same side of the market in any contract month.~~

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day~~Business Day~~'s IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

59A01.~~.~~H. ~~G.~~ [Reserved]

~~Accumulation of Positions~~

~~The positions of all accounts owned or controlled by a person or persons acting in concert or in which such person or persons have a proprietary or beneficial interest, shall be cumulated. The Exchange may impose position limits for any such accounts as it deems appropriate.~~

~~59A01.H. Exemptions~~

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559.A and shall not apply to other option positions exempted pursuant to Rule 559.~~

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

59A01.I. Termination of Trading

Options trading shall terminate on the first Friday of the delivery month of the underlying futures contract. If that Friday is not a ~~business day~~Business Day, then trading shall terminate on the immediately preceding ~~business day~~Business Day.

59A01.J. [Reserved]~~Contract Modification~~

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

59A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7 the following shall apply to the exercise of International Skimmed Milk Powder options.

59A02.A. Exercise of Option by Buyer

The buyer of an International -Skimmed Milk Powder ~~An~~ option may exercise the option on any business day prior to expiration by giving notice of exercise to the Clearing House by 7:00

p.m., or by such other time designated by the Exchange, on such day. ~~be exercised by the buyer on any business day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.~~

After the close on the last day of trading, all ~~An option that is~~ in-the-money options shall be automatically exercised unless notice to cancel automatic exercise is given to the Clearing House. Notice to cancel automatic exercise shall be given ~~and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instruction delivered~~ to the Clearing House by 7:00 p.m.,~~T~~ ~~by the clearing member representing the option buyer, be exercised automatically.~~ o~~O~~r by such other time destignated by the Exchange, on the last day of trading.

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

59A02.B. Assignment

Exercise ~~N~~notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an ~~E~~Exercise ~~N~~notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

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

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

59A03 [RESERVED] ~~CORRECTIONS TO OPTIONS EXERCISES~~

~~Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Tdeadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

(End Chapter 59A)

Chapter 60
Cheese Futures

6000. SCOPE OF CHAPTER

This chapter is limited in application to Cheese futures~~, trading in cheddar cheese~~. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~In addition to this chapter, Cheese futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

6001. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be valued at 20,000 times the USDA monthly weighted average price per pound in the U.S. for cheese.

6002. TRADING SPECIFICATIONS ~~FUTURES CALL~~

6002.A. Trading Months and Hours

Futures contracts shall be scheduled for trading during such hours and ~~for~~ final settlement in such months as may be determined by the ~~Board of Directors.~~Exchange.

6002.B. Trading Unit

The unit of trading shall be 20,000 pounds of cheddar cheese.

6002.C. Price Increments

Minimum price fluctuations shall be in multiples of $0.0010 per pound.

6002.D. Daily Price Limits

There shall be no trading at a price more than $0.075 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the spot month.

If the contract nearest to expiration that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to $0.15 per pound for all contracts subject to a daily price limit.

If, after the daily price limits have been increased to $0.15 per pound, the contract nearest to expiration that is subject to a daily price limit settles on the limit bid or the limit offer, then the daily price limit shall be raised to $0.30 per pound for all contracts subject to a daily price limit.

If the contract nearest to expiration that is subject to a daily price limit of $0.30 does not settle at a limit bid or limit offer, without regard to market direction, the price limits shall revert to $0.15 per pound the next ~~business day~~Business Day.

If the contract nearest to expiration that is subject to a daily price limit of $0.15 does not settle at a limit bid or limit offer, without regard to market direction, the price limits shall revert to $0.075 per pound the next ~~business day~~Business Day.

6002.E. Position Limits Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

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

~~No person shall own or control more than:~~

~~1000 contracts long or short in any contract month.~~

~~For positions involving options on the underlying futures, this rule is superseded by the option speculative position limit rule.~~

~~6002.F. Accumulation of Positions~~6002.F. [Reserved]

~~For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons having a proprietary or beneficial interest, shall be cumulated.~~

~~6002.G. Exemptions~~

6002.G. [Reserved]

~~The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

~~A person seeking an exemption from this limit for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

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

6002.H. Termination of Futures Trading

Trading shall terminate on the ~~business day~~Business Day immediately preceding the release date for the USDA monthly weighted average price in the U.S. for cheese.

6002.I. ~~Contract Modifications~~[Reserved]

~~Specifications shall be fixed as of the first day of trading of a contract, except that 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 and all open and new contracts shall be subject to such governmental orders.~~

6003. SETTLEMENT PROCEDURES~~FINAL SETTLEMENT~~

6003.A. Final Settlement

There shall be no delivery of cheese in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the USDA monthly weighted average price in the U.S. for cheese. The reported USDA monthly weighted average price for cheese uses both 40 pound cheddar block and 500 pound barrel prices.

6003.B-H. [Reserved]

6004.-08~~7~~. [RESERVED]

~~6008. [RESERVED]~~

(End Chapter 60)

Chapter 101
Live Cattle Futures

~~In response to the regulations issued on January 12, 2004 by the United States Department of Agriculture, Food Safety and Inspection Service ("USDA-FSIS"), in Docket No. 03-025IF, and supplemented in USDA FSIS Notice 05-04, issued on January 12, 2004, any and all cattle aged 30 months or more are not deliverable for either live or carcass delivery pursuant to Rules 10103.B. and 10103.C. below.~~

~~**All rules in this chapter shall be read to include the following:**~~

~~IF THE SECRETARY OF AGRICULTURE HAS ISSUED REGULATIONS, IN ACCORDANCE WITH 7 USC 1638C, REQUIRING COUNTRY OF ORIGIN LABELING FOR BEEF AND THOSE REGULATIONS ARE, OR ARE SCHEDULED TO BECOME, EFFECTIVE AT ANY TIME DURING THE DELIVERY PERIOD, ALL CATTLE IN THE DELIVERY UNIT MUST BE BORN AND RAISED EXCLUSIVELY IN THE UNITED STATES. THE SELLER MUST TENDER DOCUMENTATION THAT CONFORMS TO INDUSTRY STANDARDS AT THE TIME OF DELIVERY VERIFYING COUNTRY OF ORIGIN INFORMATION REQUIRED BY THE REGULATION.~~ [1]

10100. SCOPE OF CHAPTER

~~This chapter is limited in application to futures trading of live beef cattle. The procedures for trading, clearing, grading, delivery and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to Live Cattle futures. In addition to this chapter, Live Cattle futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

10101. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be for 55% Choice, 45% Select, Yield Grade 3 live steers, as defined by the United States Department of Agriculture (USDA) "Official United States Standards for Grades of Slaughter Cattle", or producing 55% Choice, 45% Select, Yield Grade 3 steer carcasses, as defined by "Official United States Standards for Grades of Carcass Beef".

10102. ~~FUTURES CALL~~ [2]TRADING SPECIFICATIONS

10102.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and delivery in such months as may be determined by the ~~Board~~Exchange.

10102.B. Trading Unit

The unit of trading shall be 40,000 pounds of 55% Choice, 45% Select grade live steers.

10102.C. Price Increments

Minimum price fluctuations shall be by multiples of $.00025 per pound.

10102.D. Daily Price Limits [3]

There shall be no trading at a price more than $.030 per pound above or below the previous day's settlement price.

10102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation

~~[1] Adopted August 2003.~~
~~[2] Revised November 2003.~~
~~[3] Revised February February 2004~~

Department may grant qualified exemptions in its sole discretion.
Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.
~~No person shall own or control more than:~~
~~a. 6,300 contracts long or short in any contract month;~~
~~b. 450 contracts long or short in the expiring contract month as of the close of business on the first business day following the first Friday of the contract month.~~
~~c. 300 contracts long or short in the expiring contract month as of the close of business on the business day immediately preceding the last five business days of the contract month. For positions involving options on Live Cattle futures, this rule is superseded by the option speculative position limit rule.~~

10102.F. [Reserved]~~Accumulation of Positions~~

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a propriety or beneficial interest, shall be cumulated.~~

10102.G. [Reserved]~~Exemptions~~ [1]

~~The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

10102.H. Termination of Trading

Trading shall terminate on the last ~~business day~~Business Day of the contract month.

10102.I. [Reserved] ~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the 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 shall become part of these rules and all open and new contracts shall be subject to such government orders.~~

10103. SETTLEMENT PROCEDURES

In addition to the procedures or requirements of Chapter 7, the following shall specifically apply to the delivery of live beef cattle:

10103.A. Sources and Calculation of Adjustment Factors [2]

Quality grade adjustments for all delivery units will make use of the live weight equivalent of the Choice-Select boxed beef spread calculated from information reported by USDA (in $/cwt.) for the day of tender in the National Daily Boxed Beef Cutout and Boxed Beef Cuts – Negotiated Sales – Afternoon report. This is referred to hereafter as the Live Equivalent Choice-Select Spread (LECSS) and is computed by subtracting the "Selected Boxed Beef Cut-Out Value" from the "Choice Boxed Beef Cut-Out Value" and multiplying that result by 0.0063.

The USDA By-Product Drop Value report for the day of tender shall serve as the source of information for calculating the condemned liver factor used in carcass-graded deliveries. The condemned liver factor shall equal the reported liver value (in $/cwt.) multiplied by -0.01.

In addition, quality grade, yield grade and carcass weight adjustments will make use of factors calculated from values reported by USDA (in $/cwt.) in the 5-Area Weekly Weighted Average Direct

[1] ~~Revised December 2001.~~
[2] ~~Revised March 1999; August 1999; December 2001; January 2003; June 2004~~

Slaughter Cattle – Premiums and Discounts report. The Prime, Standard, Yield Grade 1, Yield Grade 2, Yield Grade 4, Yield Grade 5, 550-600 lbs. 900-950 lbs. and 950-1000 lbs. factors are calculated by multiplying the reported weighted average for the corresponding category by 0.0063. If a quality grade or yield grade is broken into subcategories on this report, then the factor for that quality or yield grade shall be the simple average of all reported averages for the subcategories in that category multiplied by 0.0063. The most recently issued report with respect to the day a Certificate is tendered shall be used to calculate the factors for that delivery unit. When a Certificate is tendered on the same day that a new report is issued, that new report shall be used in factor calculation regardless of the time of day that the report is released.

The sub-Standard factor shall equal -25% of the tender day settlement price.

Should the USDA determine that an error exists in any of the reports used to calculate adjustment factors and subsequently issues a corrected report, that corrected report shall be used in place of the original.

10103.B. Live Graded Deliveries ~~[1]~~

1. Delivery Days~~.~~

Delivery may be made on any ~~business day~~Business Day of the contract month, and the first seven ~~business day~~Business Days in the succeeding calendar month, provided a Certificate has been tendered as prescribed in Rule 10104.A., except that live graded deliveries may not be made prior to the seventh ~~business day~~Business Day following the first Friday of the contract month.

2. Seller's Duties~~.~~

On the day of delivery, the seller shall promptly furnish the buyer a USDA Livestock Acceptance Certificate which shall include pen number, number of head, net weight of cattle, quality grade, estimated average hot yield, and estimated yield grade.

3. Payment~~.~~

Upon the seller's fulfillment of the delivery in accordance with all conditions of the contract herein set forth, the Clearing House shall release the retained funds to the seller. Title to each delivered unit shall pass to the buyer when the delivered unit is placed in the buyer's holding pen.

4. Par Delivery and Substitutions~~.~~

   a. Par Delivery Unit. A par delivery unit is 40,000 pounds of USDA estimated Yield Grade 3, 55% Choice, 45% Select quality grade live steers, with no individual animal weighing less than 1,050 pounds or more than 1,500 pounds.

      Par delivery units shall have an estimated average hot yield of 63%.

      All cattle contained in a delivery unit shall be healthy. No cattle which are unmerchantable, such as crippled, sick, obviously damaged or bruised, or which for any reason do not appear to be in satisfactory condition to withstand shipment by truck shall be deliverable. No cattle showing a predominance of dairy breeding or showing a prominent hump on the forepart of the body shall be deliverable. Such determinations shall be made by the grader and shall be binding on all parties.

   b. Weight Deviations. Steers weighing less than 1,050 pounds or more than 1,500 pounds shall not be deliverable. The judgment of the grader as to such overweight or underweight cattle shall be final.

   c. Yield Deviations. Delivery units with an estimated average hot yield over or under 63% shall be deliverable with an adjustment computed by dividing the estimated hot yield by 63% (the par hot yield), subtracting 1, multiplying the result by the settlement price, and then multiplying by the total live weight of the delivery unit. Units with an estimated average hot yield of less than 60% shall not be deliverable.

   d. Yield Grade Deviations. Steers with an estimated yield grade of 3 are deliverable at par. Each steer with an estimated yield grade of 1, 2, 4 or 5 shall receive a per pound adjustment equal to the corresponding factors described in Rule 10103.A. Per animal yield grade adjustments shall be calculated by multiplying the per pound adjustment by the average live weight of the delivery unit.

~~[1] Revised January 2003; May 2010~~

e. Quality Grade Deviations. Delivery units composed of 55% USDA Choice grade steers and 45% USDA Select grade steers are deliverable at par.

All animals in a delivery unit shall receive a quality grade adjustment computed from the factors described in Rule 10103.A. The Live Equivalent Choice-Select Spread (LECSS) and other factors are defined in Rule 10103.A. Per pound quality grade adjustments shall be as follows:

USDA Prime:	+0.45xLECSS + Prime factor
USDA Choice:	+0.45 x LECSS
USDA Select:	-0.55 x LECSS
USDA Standard:	+0.45 x LECSS + Standard factor
Below USDA Standard:	+0.45 x LECSS + Standard factor + sub-Standard factor

The per animal quality grade adjustment shall be calculated by multiplying the per pound quality grade adjustment by the average live weight of the delivery unit.

f. Quantity Deviations. Variations in quantity of a delivery unit not in excess of 5% of 40,000 pounds shall be permitted at the time of delivery, with appropriate adjustment to reflect delivered weight but with no further penalty.

g. Delivery Points and Allowances. A par delivery of live beef cattle shall be made from approved livestock yards in Wray, Colorado; Worthing, South Dakota; Syracuse, Kansas; Tulia, Texas; Columbus, Nebraska; Dodge City, Kansas; Amarillo, Texas; Norfolk, Nebraska; North Platte, Nebraska; Ogallala, Nebraska; Pratt, Kansas; Texhoma, Oklahoma; and Clovis, New Mexico.~~[1]~~
h. Payment for Deviations. For the purpose of computing adjustments resulting from deviations from the par delivery unit the settlement price at the time the Certificate is tendered by the clearing member representing the seller will be used.

5. Procedures and Standards for Grading, Estimating Yield and Weighing~~.~~

a. Time for Grading. To be eligible for delivery, cattle must be confined in a secured pen at an approved livestock yard prior to 9:00 a.m. local time on the day of delivery. Grading and weighing shall be done on the day of delivery unless more deliveries are indicated than can be conveniently graded and weighed on the intended delivery day. In such case the President may allow grading and weighing after 2:00 p.m. local time on the day preceding delivery. The buyer must be notified within an hour after the cattle are in his holding pen that the delivery intended for him for the following day has been graded, weighed and sealed in his holding pen.

b. Grading and Estimating Yield. Seller shall deliver his cattle to a livestock yard approved by the Exchange and surrender the cattle for Exchange delivery by consigning the lot to a duly licensed, registered and bonded livestock commission firm. The cattle shall be identified in a manner satisfactory to the USDA grader and placed in holding pens.

If, on preliminary examination, the lot of cattle appears to be healthy, merchantable and in good condition, the USDA grader shall grade the cattle, estimate the average hot yield (dressing percentage) and estimate the yield grade, and shall record same on the USDA Livestock Acceptance Certificate along with the weights taken by the approved livestock yards company. Graders shall also record on the grading certificate the number of head and the pen number of the holding pen which has been sealed pending delivery to the buyer.

c. Weighing. Weighing shall be done within one hour following the completion of grading. The cattle must stand without feed but shall receive water during the interval between 9:00 a.m. and grading. However, in no event shall the cattle receive feed or water during the interval between grading and weighing.~~[2]~~

Weighing shall be done by the approved livestock yards company on officially approved scales and recorded on the official scale ticket or official weight sheets which shall show total net weight and number of head of cattle, lot number and/or pen number and the date weighed. After grading and weighing, the cattle shall be sealed in a holding pen.

6. Delivery Invoice~~.~~
After grading and weighing, the USDA shall notify the Exchange of the results, from which the Exchange

~~[1] Approved March 2008~~
~~[2] Revised March 1999~~

shall promptly prepare its Delivery Invoice incorporating the pen number, number of head, net weight, quality grade, estimated average hot yield, estimated yield grade, date of receipt of cattle and date of USDA grading. The Delivery Invoice shall be promptly delivered to the buyer and seller. Upon receipt, the USDA Livestock Acceptance Certificate shall be forwarded to the clearing member representing the buyer.

7. Cost of Grading and Weighing
All yardage costs, including driving of livestock, feeding, bedding, weighing, insurance and any other required services up to and including weighing shall be borne by the seller in accordance with the published rates as set forth in the tariff of the livestock yard. The seller shall also bear the costs of grading and documentation, which will be established annually by the Exchange.
Any charges accruing after delivery by seller to the buyer's holding pen shall be borne by the buyer.

8. Penalties~~.~~

If, in the opinion of the USDA grader, the seller fails to present a load of cattle, or fails to present cattle which have been properly sorted prior to arrival at the delivery point stockyards and are suitable for delivery on the date at the place specified in the Certificate of Delivery, the seller shall be penalized $.015 per pound each ~~business day~~Business Day, payable to the Exchange, until proper delivery is made.

If, in the opinion of the USDA grader, the buyer or his agent delay, disrupt, or otherwise interfere with the delivery process in any manner, the buyer shall be penalized $.015 per pound on each delivery unit delivered to the buyer, payable to the Exchange.

In these and all other delivery matters, the determination of the USDA grader shall be final and binding on all parties.

9. Exchange Certificate~~.~~

The rules of the Exchange in regard to the Exchange Inspection Certificate are not applicable to delivery under this Chapter.

10103.C. Carcass Graded Deliveries ~~[1]~~

1. Conditions~~.~~

A buyer assigned a Certificate of Delivery may call for delivery of the cattle to an approved slaughter plant corresponding to the stockyards designated in the Certificate, or to any other approved slaughter plant within 200 miles of the feedlot from which the cattle originate. For the purposes of Chapter 101, a feedlot shall be defined as any location where cattle are confined to a pen and provided access to feed and water including, but not limited to, commercial feeding operations, farmer feeding operations and stockyards.
Final grading will reflect actual carcass results. If the buyer elects carcass grading, slaughter shall not occur prior to the second ~~business day~~Business Day following the buyer's notification of the CME Clearing House. The Clearing House must be notified by 10:00 a.m. on the second ~~business day~~Business Day prior to the day of slaughter of the buyer's election of carcass grading, the approved slaughter plant and slaughter day, and whether the buyer consents to a Large Lot Delivery Unit if elected by the seller under Rule 10103.C.5.f.
Upon arrival at the slaughter plant, cattle must be allowed access to water.

2. Delivery Days~~.~~

Delivery may be made on any day of the contract month on which the approved slaughter plant selected by the buyer is in operation, and on the first seven ~~business day~~Business Days in the succeeding calendar month, provided a Certificate has been tendered as prescribed in Rule 10104.A., and provided proper notification has been given to the Clearing House as prescribed in Rule 10103.C.1., except that carcass graded deliveries may not be made prior to the fourth ~~business day~~Business Day following the first Friday of the contract month

3. Seller's Duties~~.~~

On the second ~~business day~~Business Day prior to the day of slaughter, the Clearing House will notify the seller of the buyer's election of carcass grading, the approved slaughter plant selected by the buyer, the day of slaughter selected by the buyer and representatives of the approved slaughter plant, and

~~[1] Revised December 2001; January 2003.~~

whether the buyer consents to a Large Lot Delivery Unit if elected by the seller under Rule 10103.C.5.f. The seller shall be responsible for contacting representatives of the slaughter plant to coordinate arrival time and time of slaughter. The cattle shall be scheduled to arrive between 6:00 a.m. and 6:00 p.m. local time on the day of slaughter. The seller shall be responsible for transportation to the slaughter plant. The seller shall notify the Clearing House of the agreed upon arrival time by 3:00 p.m. on the second ~~business day~~Business Day prior to slaughter.

4. Payment~~.~~

Upon the seller's fulfillment of delivery to the slaughter plant selected by the buyer, the Clearing House shall release 90% of the funds to the seller. Remaining funds will be released to the seller upon the completion of final carcass grade and yield results. Title to each delivered unit shall pass to the buyer when the delivered unit is weighed and placed in a holding pen for slaughter at the approved slaughter plant selected by the buyer.

5. Par Delivery and Substitutions~~[1]~~.

a. Par Delivery Unit. A par delivery unit, shipped to an approved slaughter plant designated by the buyer, shall be 40,000 pounds of live steers which produce Yield Grade 3, 55% Choice, 45% Select grade steer carcass beef, with no individual carcass weighing less than 600 pounds or more than 900 pounds.
Par delivery units shall have an actual average hot yield of 63%.
All cattle contained in a delivery unit shall be healthy. Cattle which are unmerchantable, such as crippled, sick, obviously damaged or bruised, or which for any reason do not appear to be in satisfactory condition to enter normal fresh meat marketing channels shall be excluded. No cattle showing a predominance of dairy breeding or showing a prominent hump on the forepart of the body shall be deliverable.

For carcass graded deliveries only, a "prominent hump on the forepart of the body" shall be defined as a hump on a live animal which, when measured on the resulting carcass, is expected to exceed 2 inches in height when measured from a line formed by the extension of the top line (including the fat) and measuring the lean muscle (excluding the fat) perpendicular to that line in the center of the hump. Any animal(s) with a hump estimated to exceed 2 inches when measured in this manner shall be excluded from the delivery unit. If the delivered live weight falls below the 5% tolerance as specified in Rule 10103.C.5.f., the seller is responsible for replacing the removed animal(s) until the minimum live weight is achieved.
Such determination shall be made by USDA personnel and shall be binding on all parties. All resulting carcasses must be merchantable. Carcasses which are not suitable to enter normal fresh meat marketing channels will be excluded from the delivery unit.

b. Weight Deviations. Resulting carcasses weighing less than 550 pounds or more than 1000 pounds shall be deliverable at a per pound discount of 20% of the settlement price. Resulting carcasses weighing more than or equal to 550 pounds but less than 600 pounds shall be deliverable at a per pound adjustment equal to the 550-600 lbs. Factor described in Section 10103.A. Resulting carcasses weighing more than 900 pounds but less than or equal to 950 pounds shall be deliverable at a per pound adjustment equal to the 900-950 lbs. factor described in Section 10103.A. Resulting carcasses weighing more than 950 pounds but less than or equal to 1000 pounds shall be deliverable at a per pound adjustment equal to the 950-1000 lbs. factor described in Section 10103.A. The per animal carcass weight adjustment shall equal the per pound adjustment multiplied by the average live weight of the delivery unit.

c. Yield Deviations. Delivery units with an actual average hot yield over or under 63% shall be deliverable with an adjustment computed by dividing the actual hot yield by 63% (the par hot yield), subtracting 1, multiplying the result by the settlement price, and then multiplying by the total live weight of the delivery unit.

d. Yield Grade Deviations. Yield grade 3 carcasses are deliverable at par. Each carcass with a yield grade of 1, 2, 4 or 5 shall receive a per pound adjustment equal to the corresponding factor described in Rule 10103.A. Per animal yield grade adjustments shall be calculated by multiplying the per pound adjustment by the average live weight of the delivery unit.

e. Quality Grade Deviations. Delivery units resulting in 55% USDA Choice grade carcasses and 45% USDA Select grade carcasses are deliverable at par. All gradeable carcasses in a

~~[1] Revised August 1999.~~

delivery unit shall receive a quality grade adjustment computed from the factors described in Rule 10103.A. The Live Equivalent Choice-Select Spread (LECSS) and other factors are defined in Rule 10103.A. Per pound quality grade adjustments shall be as follows:

USDA Prime:	+0.45 x LECSS + Prime factor
USDA Choice:	+0.45 x LECSS
USDA Select:	-0.55 x LECSS
USDA Standard:	+0.45 x LECSS + Standard factor
Below USDA Standard:	+0.45 x LECSS + Standard factor + sub-Standard factor

Carcasses deemed ungradeable with respect to quality grade by the USDA shall receive a per pound quality grade discount equal to 25% of the settlement price. The per animal quality grade adjustment shall be calculated by multiplying the per pound quality grade adjustment by the average live weight of the delivery unit.

f. Quantity Deviations. Variations in quantity of a delivery unit not in excess of 5% of 40,000 pounds of live weight at the approved slaughter plant shall be permitted at the time of delivery, with appropriate adjustment to reflect delivered weight but with no further penalty.
The seller shall be responsible for sorting the cattle into deliverable units prior to arrival at the slaughter plant, with each unit weighing between 38,000 pounds and 42,000 pounds and meeting the other specifications of the contract, except for Large Lot Delivery Units as described in the following paragraph. Any cattle delivered to a slaughter plant in excess of 42,000 pounds, or which do not otherwise meet the specifications of the contract, shall not be considered part of the delivery unit, and the seller shall be responsible for merchandising those additional and/or undeliverable cattle.

Delivery cattle from Certificates of Intent that were tendered to the same delivery point on the same date by one seller and are subsequently assigned to a single buyer may be grouped together for processing at the slaughter plant if both the buyer and seller consent. These Large Lot Delivery Units may not exceed a size of ten contracts. The par delivered live weight of Large Lot Delivery Units shall be 40,000 pounds times the number of contracts included in the Large Lot Delivery Unit. A 5% variance in this par delivered weight shall be allowed without penalty. For Large Lot Delivery Units only, the seller shall be relieved of the requirement that cattle be sorted into units weighing between 38,000 and 42,000 pounds prior to arrival at the slaughter plant.

g. Other Deviations. If one or more of the carcasses is condemned or is unacceptable for entry into normal fresh marketing channels (for reasons such as measles), than each such carcass shall not be considered as part of the delivery unit. If a carcass is removed from the delivery unit for reasons stated above, the total carcass weight will reflect only those carcasses acceptable for delivery, and the total delivered live-weight shall be reduced by the average live weight times the number of carcasses removed. In the event that the total live weight falls below the 5% tolerance as specified in Rule 10103.C.5.f. as a result of the condemnation, for each removed carcass an amount equal to either 1) the par value of a steer at the average live weight per head of the delivery unit, or 2) the average dollar value of the remaining carcasses in the delivery unit, whichever is greater, shall be credited to the buyer.

Excess trimming required due to injection site abscesses or other carcass defects will reduce the total delivered carcass weight, and the resulting hot yield.
Liver condemnations in excess of 20% are the liability of the seller. To determine the maximum number of allowable liver condemnations in a par delivery unit, the number of head in the delivery unit shall be multiplied by 0.20 and the result rounded to the nearest integer. For each liver in excess of the maximum allowable, a discount equal to the condemned liver factor (described in Rule 10103.A.) multiplied by the average live weight of the delivery unit shall be applied.
If, after title to the delivery unit has passed from the seller to the buyer, an animal is condemned or otherwise becomes unacceptable for slaughter due to reasons clearly beyond the control of the seller (e.g., a broken leg caused by a fall after the pen has been sealed), that animal shall be removed from the delivery unit. An amount equal to either 1) the par value of a steer at the average live weight per head of the delivery unit, or 2) the average dollar value of the remaining animals in the delivery unit, whichever is greater, shall be credited to the seller.
If, after title to the delivery unit has passed from the seller to the buyer, a carcass is condemned, heavily trimmed, or altered in any manner such that the value of the carcass is adversely affected due to reasons clearly beyond the control of the seller (e.g., a carcass that

falls off the chain or rail and onto the floor), that carcass shall be removed from the delivery unit. An amount equal to either 1) the par value of a steer at the average live weight per head of the delivery unit, or 2) the average dollar value of the remaining carcasses in the delivery unit, whichever is greater, shall be credited to the seller.

If, after title to the delivery unit has passed from the seller to the buyer, any carcass data required to perform the delivery calculations cannot be obtained for one or more carcasses due to reasons clearly beyond the control of the seller (e.g., the approved slaughter facility fails to hold carcasses for regrade), each such carcass shall be deemed Choice when the final quality grading results cannot be obtained; Yield Grade 3 when the actual yield grade results cannot be obtained; 63% or the average hot yield of the remaining carcasses in the delivery unit, whichever is greater, when the actual hot yield cannot be obtained.

h. Delivery Points and Allowances. Buyers electing carcass grading must specify an approved slaughter plant enumerated by the Exchange. Eligible slaughter plants include those enumerated for the stockyards to which the cattle were tendered, and any other approved slaughter plant that is within 200 miles of the originating feedlot.

i. Payment for Deviations. For the purpose of computing adjustments resulting from deviations from the par delivery unit the settlement price at the time the Certificate is tendered by the clearing member representing the seller will be used.

6. Procedures and Standards for Grading, Determining Yield and Weighing~~.~~

a. Time for Arrival and Visual Inspection. Cattle shall arrive at the time agreed upon by the seller and the approved slaughter plant. Weighing and visual inspection of the cattle by USDA Meat Grading Service Personnel to ensure general conformance with the contract shall be done at the time of delivery. After completion of weighing and visual inspection, cattle will be placed in a holding pen as a unit prior to slaughter. Identity of the delivery unit shall be maintained in a manner satisfactory to the USDA Meat Grader, and shall include sealing the holding pen with a numbered seal, and recording the seal number and the plant-assigned sequential lot number of the delivery unit. ~~[1]~~

b. Grading and Determining Yield. Approved slaughter plants normally grading after one ~~business day~~Business Day must hold carcasses falling in the top third of any quality grade except Prime for re-grading two ~~business day~~Business Days after slaughter. Approved slaughter plants normally grading after two ~~business day~~Business Days may hold carcasses falling in the top third of any quality grade except Prime for re-grading three ~~business day~~Business Days after slaughter. Final grade and yield results must be completed within three ~~business day~~Business Days of slaughter.

c. Weighing. The weight at the slaughter plant will be used as the live delivery weight and for purposes of calculating the resulting hot yield. If, in the judgment of the USDA Meat Grader, one or more of the steer(s) in the load do not generally conform with the contract specifications, the objectionable steer(s) will be removed from the delivery unit. If the delivered live weight falls below the 5% tolerance as specified in Rule 10103.C.5.f., the seller is responsible for replacing removed steer(s) until the minimum live weight is achieved.

Weighing shall be done promptly upon arrival at the slaughter plant. USDA Meat Grading Service Personnel will supervise weighing by slaughter plant employees, and shall record total net weight and number of head of cattle, lot number and/or pen number and the date weighed. After weighing, the cattle shall be sealed in a holding pen prior to slaughter.

7. Delivery Notice~~.~~

Final grading results must be completed within three ~~business day~~Business Days after the day of slaughter. The USDA Meat Grader shall notify the Exchange of the results, from which the Exchange shall promptly prepare its Delivery Invoice incorporating the lot number, number of head, net live weight, quality grade, actual average hot yield, yield grade, date of delivery to the slaughter plant, and date of final USDA grading. The Delivery Invoice shall be promptly delivered to the buyer and seller. Upon receipt, the USDA Carcass Grading Results Certificate shall be forwarded to the clearing member representing the buyer.

8. Cost of Grading, Weighing, and Transportation~~.~~

~~[1] Revised January 2001.Effective beginning with the February 2001 delivery period.~~

Death loss, feed and yardage, and all other costs are the responsibility of the seller until the cattle are delivered to the slaughter plant selected by the buyer. The buyer will be assessed a standard freight rate per mile for each additional mile the cattle are hauled over and above the distance between the feedlot and the stockyards to which the seller originally tendered the cattle, and this freight assessment will be paid to the seller. The standard freight rate per mile will be established annually by the Exchange. The seller shall be responsible for the cost of visual inspection and weighing upon arrival at the slaughter plant. Any additional costs of carcass grading shall be borne by the buyer.

9. Penalties~~.~~

If, in the opinion of the USDA Meat Grader, the seller fails to present the required quantity of deliverable cattle to the slaughter plant on the date and time specified by the buyer, the seller shall be penalized $0.015 per pound each ~~business day~~Business Day, payable to the Exchange, until proper delivery is made.

In these and all other delivery matters, the determination of the USDA Meat Grader shall be final and binding on all parties.

10. Exchange Certificate~~.~~

The rules of the Exchange in regard to the Exchange Inspection Certificate are not applicable to delivery under this Chapter.

10104. PROCEDURES FOR TENDER, DEMAND, RETENDER, RECLAIM, AND ASSIGNMENT OF CERTIFICATES OF DELIVERY ~~[1]~~

10104.A. Tendering a Certificate

A clearing member representing a short may present a Certificate of Delivery (on a form prescribed by the Clearing House) to the Clearing House no later than 4:30 p.m. on any ~~business day~~Business Day except that Certificates may not be tendered:

1. On or before the first Friday of the contract month;

2. After the third ~~business day~~Business Day after expiration.

A Certificate of Delivery is a commitment to deliver cattle conforming with contract specifications at the delivery point designated in the Certificate, or at a corresponding approved slaughter plant selected by the buyer, if the Certificate is not reclaimed.

A Certificate tendered before the termination of trading requires delivery on the sixth ~~business day~~Business Day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on any day the slaughter plant is in operation between the third ~~business day~~Business Day and the sixth ~~business day~~Business Day, inclusive, following tender of that Certificate.

A Certificate tendered on or after the day trading terminates requires delivery on the fourth ~~business day~~Business Day that is also a delivery day following the tender of that Certificate, if the buyer elects live grading. If the buyer elects carcass grading, the Certificate requires delivery at the option of the buyer on the third ~~business day~~Business Day or fourth ~~business day~~Business Day following tender of that Certificate, or on an intervening day that the slaughter plant is in operation.

A Certificate must include the name, location, business address, and telephone number of the feedlot from which the cattle originate. A Certificate must also include: (1) the distance between the feedlot and the stockyards to which the cattle are tendered for delivery; (2) the distance between the feedlot and the approved slaughter plants corresponding to the stockyards to which the cattle are tendered for delivery; and (3) any other approved slaughter plants within 200 miles of the feedlot and the distances to such approved slaughter plants.

The seller is responsible for determining, in advance of tendering a Certificate, if the delivery point stockyards will be able to accommodate a live-graded delivery on the sixth ~~business day~~Business Day

~~[1] Revised October 1997; December 2001.~~

following the day of tender (fourth ~~business day~~Business Day following the day of tender if tender is on or after the last ~~trading day~~Trading Days) should the buyer request one. If the buyer requests a live-graded delivery which the stockyards is unable to accommodate, then this will be deemed a failure by the seller to present a load of cattle for USDA grading under Rule 10103.B.8. In addition, the Exchange may prohibit deliveries on certain days for certain locations at which it deems deliveries would not be feasible due to auctions or other activities.

10104.B. Posting

By 4:35 p.m. the Clearing House shall post a list of the tendered and retendered Certificates specifying delivery points and accrued retender charges. Demand Notices and Reclaim Notices may be presented only for Certificates which are included on the list.

10104.C. Demand Notice

A clearing member representing a long may present a Demand Notice for the purpose of securing priority in the assignment of a Certificate of Delivery. The following rules govern Demand Notices:

1. The Demand Notice shall be presented to the Clearing House (on a form prescribed by the Clearing House) by 5:00 ~~p.m. on~~p.m. on any ~~business day~~Business Day on which Certificates are tendered or retendered.
2. The Demand Notice shall specify: the date the long position was established, the buyer's choice (if any) for delivery points, and the minimum amount of accrued retender changes acceptable to the buyer.
3. A Certificate assigned to a Demand Notice may not be retendered.
4. A Demand Notice which is not assigned a Certificate on the day of presentment is void.

10104.D. Retender

A clearing member representing a long that is assigned a Certificate may retender that Certificate. The following rules govern retender:

1. A Certificate may only be retendered twice. A long that has been assigned a Certificate which has been retendered twice must take delivery.
2. A Certificate that has been assigned to a Demand Notice may not be retendered.
3. A Certificate may not be retendered after the last ~~trading day~~Trading Days of the contract month.
4. A long assigned a Certificate must establish a short position in the delivery month and notify the Clearing House of retender by 4:30 p.m. on the ~~business day~~Business Day following assignment.
5. The retendering long will be assessed a retender charge of $.01 per pound ($400 per contract). The retender charges accrue to the Certificate and are payable to the long exercising the Certificate or to the reclaiming short.

10104.E. Reclaim

A clearing member representing a short that has tendered a Certificate may reclaim that Certificate upon the first or second retender if there is no Demand Notice issued for that Certificate.
The reclaiming short must have established a long position in the contract month and must issue a Reclaim Notice (on a form prescribed by the Clearing House) to the Clearing House by 5:00 p.m. on the day the Certificate is retendered.

10104.F. Assignment of Certificates

The Clearing House shall assign Certificates and notify the clearing member representing the long on the day of tender or retender. Assignments shall be made in the following order:

1. Newly-tendered Certificates and retendered Certificates shall be assigned to Demand Notices which specify delivery points and retender charges which match those of the Certificate. In the case of duplication, the Certificate shall be assigned to the Demand Notice submitted by the long with the oldest long position. In the case of Demand Notices with long positions established on the same date, the time the Demand Notice was submitted to the Clearing House will determine priority.

2. Retendered Certificates which have not been assigned to Demand Notices will be assigned to Reclaim Notices, if any.
3. Retendered Certificates and newly-tendered Certificates which have not been demanded or reclaimed will be assigned to long positions by matching the Certificates having the largest retender charges with the oldest long positions.

10104.G. Payments for Tender and Retender

1. All payment shall be by wire transfer of funds or by certified or cashier's check presented to the Clearing House.
2. Payment for an assigned Certificate must be submitted to the Clearing House by 12:00 noon on the ~~business day~~Business Day after a tendered or retendered Certificate is assigned. The assignee shall submit payment equal to the settlement price on the day of assignment less accrued retender charges times the par weight, 40,000 pounds.
3. Payment received for a newly-tendered Certificate shall be retained by the Clearing House until the Certificate is reclaimed or until cattle conforming with contract specifications are delivered.
4. The Clearing House shall remit payment received for a retendered Certificate to the retenderer by the close of business on the ~~business day~~Business Day following the day of retender.

10105. [RESERVED]

(End Chapter 101)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 101

In response to the regulations issued on January 12, 2004 by the United States Department of Agriculture, Food Safety and Inspection Service ("USDA-FSIS"), in Docket No. 03-025IF, and supplemented in USDA FSIS Notice 05-04, issued on January 12, 2004, any and all cattle aged 30 months or more are not deliverable for either live or carcass delivery pursuant to Rules 10103.B. and 10103.C.

All rules in this chapter shall be read to include the following:

IF THE SECRETARY OF AGRICULTURE HAS ISSUED REGULATIONS, IN ACCORDANCE WITH 7 USC 1638C, REQUIRING COUNTRY OF ORIGIN LABELING FOR BEEF AND THOSE REGULATIONS ARE, OR ARE SCHEDULED TO BECOME, EFFECTIVE AT ANY TIME DURING THE DELIVERY PERIOD, ALL CATTLE IN THE DELIVERY UNIT MUST BE BORN AND RAISED EXCLUSIVELY IN THE UNITED STATES. THE SELLER MUST TENDER DOCUMENTATION THAT CONFORMS TO INDUSTRY STANDARDS AT THE TIME OF DELIVERY VERIFYING COUNTRY OF ORIGIN INFORMATION REQUIRED BY THE REGULATION.

Chapter 101A
Options on Live Cattle Futures

101A00. SCOPE OF CHAPTER

~~This chapter is limited in application to trading in put and call options on the Live Cattle futures contract. The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to options on Live Cattle futures. In addition to this chapter, options on Live Cattle futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

101A01. OPTIONS CHARACTERISTICS

101A01.A. Contract Months and Trading Hours [1]

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Board~~Exchange ~~of Directors~~.

101A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Live Cattle futures contract as specified in Chapter 101.

101A01.C. Minimum Fluctuations [2][3]

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of $.00025 per pound (also known as one tick). A trade may occur at a price of $.000125 per pound ($5.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

101A01.D. Underlying Futures Contract [4]

1. Options in the February Bi-Monthly Cycle

For monthly options that expire in the February bi-monthly cycle (i.e., February, April, June, August, October and December), the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in February is the February futures contract.

2. Options in the January Bi-Monthly Cycle

For monthly options that expire in months other than those in the February bi-monthly cycle (i.e., January, March, May, July, September, and November), the underlying futures contract is the next futures contract in the February bi-monthly cycle that is nearest to the expiration of the option. For example, the underlying futures contract for an option that expires in January is the February futures contract.

3. Weekly Options

For weekly options, if the weekly option expires prior to the expiration date of the nearby option in the February bi-monthly cycle, then the underlying future is the nearby contract. If the weekly option expires after the expiration date of the nearby option in the February bi-monthly cycle but before the expiration date of the nearby futures, then the underlying future is the first-deferred contract.

~~[1] Revised December 2001.~~
~~[2] Revised December 1988; December 1992.~~
~~[3] Revised December 1988; December 1992.~~
~~[4] Effective September 1992; September 2011..~~

101A01.E. Exercise Prices ~~[1]~~

1. Options in the February Bi-Monthly Cycle

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first two contract month, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at intervals of 2¢ in a range 24¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call options at the next higher (or next lower) exercise price within a 24¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the second nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals at a range 24¢ above and below the previous day's settlement price. Thereafter, when a sale, bid, offer, or settlement price occurs at, or passes through, any exercise price, the Exchange shall on the next ~~trading day~~Trading Day list put and call options at the next higher (or next lower) exercise price within a 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. In addition, when a sale, bid, offer, or settlement price occurs at, or passes through, any even-numbered exercise prices; e.g., 60¢, 62¢, 64¢, the Exchange shall on the next ~~trading day~~Trading Day list put and call options at the next higher (or next lower) even-numbered exercise price within a 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred.

When a contract becomes the nearest contract month in the February bi-monthly cycle, the Exchange shall add exercise prices at 1¢ intervals within the range that exercise prices at 2¢ intervals have been listed.

New options may be listed for trading up to and including the termination of trading. ~~[2]~~

The ~~Board~~Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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

2. Options in the January Bi-Monthly Cycle

Upon demand evidenced in the respective options pit, the Exchange shall list put and call options at any exercise price listed for trading in the next February bi-monthly cycle futures options that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

3. Weekly Options

At the commencement of option trading, the Exchange shall list put and call options at intervals of 1¢ in a range 24¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call options at the next higher (or next lower) exercise price within a 24¢ range above(or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading. The ~~Board~~Exchange may modify the provisions governing the establishment of exercise prices as it

~~[1] Revised December 1991; September 1992; January 1997; December 1997; January 2001, December 2001; December 2003; April 2006; January 2011; September 2011.~~

~~[2] Revised July 1995.~~

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

101A01.F. Position Limits~~–~~, [1]Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control a combination of options and underlying futures that exceeds 6,300 futures equivalent contracts net on the same side of the market in any contract month.~~

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

101A01.G. ~~Accumulation of Positions~~ [2][Reserved]

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

101A01.H. ~~Exemptions~~ [3][Reserved]

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

101A01.I. Termination of Trading [4]

1. Options in the February Bi-Monthly Cycle

1. Options in the February Bi-Monthly Cycle
Options trading shall terminate on the first Friday of the delivery month of the underlying futures contract. If that Friday is not a ~~business day~~Business Day, then trading shall terminate on the immediately preceding ~~business day~~Business Day.
2. Options in the January Bi-Monthly Cycle
For monthly options that expire in months other than those in the February bi-monthly cycle, options trading shall terminate on the first Friday of the contract month, which is also a ~~business day~~Business Day.
3. Weekly Options
For weekly options, trading shall terminate on Friday, except that no weekly option shall be designated to terminate on any Friday that is also the termination date for an option in either the January or February bi-monthly cycle. If that Friday is not a ~~business day~~Business Day, then trading shall terminate on the immediately preceding ~~business day~~Business Day.

~~[1] Revised March 1988; December 1990; August 1993; December 1997; November 2000; January 2001, March 2005, March 2006, March 2008.~~
~~[2] Revised September 1986.~~
~~[3] Revised September 1988.~~
~~[4] Revised January 1990 effective with February 1991 and all subsequently listed contracts. Revised September 1992; December 1997; January 2001; September 2011.~~

101A01.J. [Reserved] ~~Contract Modification~~

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

101A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Live Cattle options.

101A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any ~~business day~~Business Day that the option is traded. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer, be exercised automatically. ~~[1]~~ An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final. ~~[2]~~

101A02.B. Assignment

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

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

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

101A03. [RESERVED]

101A04. [RESERVED]

FLEXIBLE LIVE CATTLE OPTIONS ~~[3]~~

~~[1] Revision effective December 27, 1991. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.~~
~~[2] Adopted August 1995.~~
~~[3] Effective June 1998.~~

101A30. SCOPE OF FLEXIBLE OPTION RULES

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

101A31. FLEXIBLE OPTIONS CHARACTERISTICS

101A31.A. Nature of Flexible Contracts

Flexible options on Live Cattle futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

101A31.B. Trading Unit

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Live Cattle futures contract as specified in Chapter 101. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

101A31.C. Minimum Fluctuations

(Refer to Rule 101A01.C.–Minimum Fluctuations)

101A31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Live Cattle futures contract that is currently available for trading, as specified in Chapter 101.

101A31.E. Exercise Prices

Exercise prices shall be stated in terms of the Live Cattle futures contract that is deliverable upon exercise of the option and may be at intervals of .25 cents per pound for all levels from .25 to 1,000; e.g., 62.25, 62.50.

101A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

(Refer to Rule 101A01.F.–Position Limits, Exemptions, Position Accountability and Reportable Levels)

101A31.G. ~~Accumulation of Positions~~[Reserved]

~~(Refer to Rule 101A01.G.–Accumulation of Positions)~~

101A31.H. ~~Exemptions~~[Reserved]

~~(Refer to Rule 101A01.H.–Exemptions)~~

101A31.I. Termination of Trading

Flexible option expiration dates may be specified for any Exchange ~~business day~~Business Day up to and including the first Friday of the delivery month of the underlying futures contract. If that Friday is not a ~~business day~~Business Day, then expiration dates may be specified for any Exchange ~~business day~~Business Day up to and including the immediately preceding ~~business day~~Business Day.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

101A31.J. ~~Contract Modification~~ [Reserved]

~~(Refer to Rule 101A01.J.–Contract Modification)~~

101A32. FLEXIBLE OPTION EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Live Cattle futures.

101A32.A. Exercise of Flexible Option by Buyer

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any ~~business day~~Business Day that the option is traded and also on its expiration date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M.~~ p.m. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M.~~ p.m. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 P.M. on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

101A32.B. Assignment

(Refer to Rule 101A02.B.–Assignment)

101A33. [RESERVED]

101A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

101A35. RESPONSE TIME INTERVAL

No trades against the first RFQ submitted for a flexible option series on any ~~trading day~~Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

101A36. RFQ TRADING INTERVAL

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

101A37. EXPIRATION OF AN RFQ

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

101A38. REPORTING OF FLEXIBLE OPTION TRADES

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 101A)

Chapter 101B
Options on Live Cattle Futures Calendar Spreads

101B00. SCOPE OF CHAPTER

~~This chapter is limited in application to trading in put and call options on Live Cattle futures calendar spreads. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~
This chapter is limited in application to options on Live Cattle futures calendar spreads. In addition to this chapter, options on Live Cattle futures calendar spreads shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

101B01. OPTIONS CHARACTERISTICS

101B01A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

101B01B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Live Cattle futures calendar spread. A Live Cattle futures calendar spread consists of a combination of a purchase in one futures contract month and a sale in another futures contract month. A call calendar spread option is the equivalent of a long position in a nearer futures contract and a short position in a deferred futures contract. A put calendar spread option is the equivalent of a short position in a nearer futures contract and a long position in a deferred futures contract.

101B01C. Minimum Fluctuations

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of \$.00025 per pound (also known as one tick). A trade may also occur at a price of \$.000125 per pound (\$5.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

101B01D. Underlying Futures Contracts

The underlying futures contracts are the futures contract for the month in which the option expires and the corresponding futures contract month in that combination. For example, the underlying futures contracts for a February-April calendar spread option are the February futures contract and the April futures contract.

101B01E. Exercise Prices

The exercise prices shall be based on the price difference obtained by subtracting the deferred futures contract price from the nearer futures contract price. The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of .50 cent; e.g. .50, 1.00, 1.50. In addition, for options involving the first two underlying futures contract months, some exercise prices shall be at intervals of .25 cent, as described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at .50 cent intervals in a range 6¢ above and below the difference between the previous day's settlement prices of the underlying futures contracts. When a sale or settlement price in the underlying futures contracts price differential occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 6¢ range above (or below) the exercise price at which or through which the sale or settlement price in the underlying futures contracts price differential occurred.

When an underlying futures contract month becomes the second nearest contract month, the Exchange shall add exercise prices at .25 cent intervals in range 6¢ above and below the difference between the previous day's settlement prices of the underlying futures contracts. When a sale or settlement price in the underlying futures contracts price differential occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 6¢ range above (or below) the exercise price at which or through which the sale or settlement price in the underlying futures contracts price differential occurred.

New options may be listed for trading up to and including the termination of trading. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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

101B01F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control a combination of options and underlying futures that exceeds 6,300 futures equivalent contracts net on the same side of the market in any contract month.~~

~~For purposes of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series.~~

101B01G. ~~Accumulation of Positions~~[Reserved]

~~For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

101B01H. ~~Exemptions~~[Reserved]

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to option positions exempted pursuant to Rule 559.~~

101B01I. Termination of Trading

Options trading shall terminate on the first Friday of the delivery month of the nearby futures contract. If that Friday is not a ~~business day~~Business Day, then trading shall terminate on the immediately preceding ~~business day~~Business Day.

101B01J. [Reserved] ~~Contract Modification~~

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

101B02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Live Cattle options on calendar spreads.

101B02A. Exercise of Option by Buyer

An option may be exercised by the buyer only on the day that the option expires. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. ~~,~~ on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bonafide clerical error, (2) an unreconciled Exchange option transaction (s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

101B02B. Assignment

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

The clearing member assigned an Exercise Notice shall be assigned a short position in the underlying nearer futures contract and a long position in the underlying distant futures contract if a call was exercised or a long position in the underlying nearer contract and a short position in the underlying distant contract if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying nearer futures contract and a short position in the underlying distant futures contract if a call was exercised and a short position in the underlying nearer contract and a long position in the underlying distant contract if a put was exercised.

All such futures positions shall be assigned at prices as follows: the nearby futures contract shall be assigned at the settlement price and the distant futures contract shall be assigned at a price equal to the settlement price of the nearby futures contract minus the exercise price of the option and shall be marked to market in accordance with Rule 814 on the ~~trading day~~Trading Day following acceptance by the Clearing House of the Exercise Notice.

101B03. [RESERVED]

(End Chapter 101B)

Chapter 102
Feeder Cattle Futures

10200. SCOPE OF CHAPTER

~~This chapter is limited in applications to futures trading of Feeder Cattle. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the Rules of the Exchange.~~

This chapter is limited in application to Feeder Cattle futures. In addition to this chapter, Feeder Cattle futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

10201. ~~COMMODITY~~ CONTRACT SPECIFICATIONS ~~[1]~~

Each futures contract shall be valued at 50,000 pounds times the CME Feeder Cattle Index™.

10202. ~~FUTURES CALL~~TRADING SPECIFICATIONS

10202.A. Trading Schedule ~~[2]~~

Futures contracts shall be scheduled for trading during such hours and for final settlement in such months as may be determined by the ~~Board of Directors~~ Exchange.

10202.B. Trading Unit ~~[3]~~

The unit of trading shall be 50,000 pounds of feeder steers.

10202.C. Price Increments

Minimum price fluctuations shall be in multiples of $.00025 per pound.

10202.D. Daily Price Limits ~~[4]~~

There shall be a no trading at a price more than $.030 per pound above or below the previous day's settlement price.

10202.E. Position Limits ~~[5]~~, Exemptions, Position Accountability and Reportable Levels

~~No person shall own or control more than:~~

~~1. 1,950 contracts long or short in any contract month;~~

~~2. 300 contracts long or short in the spot month during the last ten days of trading.~~

~~For positions involving options on Feeder Cattle futures, this rule is superseded by the option speculative position limit rule.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

10202.F. ~~Accumulation of Positions~~[Reserved]

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled~~

~~[1] Revised June 1992; December 1998; February 2004; September 2004.~~
~~[2] Revised December 2001.~~
~~[3] Revised June 1992; February 2004.~~
~~[4] Revised November 2003; February 2004.~~
~~[5] Revised February 1987; March 1988; August 1993; November 1996, June 2008; January 2009.~~

~~by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

10202.G. ~~Exemptions~~ [1][Reserved]

~~The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

10202.H. Termination of Trading [2]

Trading shall terminate on the last Thursday of the contract month, except:

1. The November contract shall terminate on the Thursday prior to Thanksgiving Day, unless a holiday falls on that Thursday or on any of the four weekdays prior to that Thursday, in which case trading shall terminate on the first prior Thursday that is not a holiday and is not so preceded by a holiday. Weekdays shall be defined as Monday, Tuesday, Wednesday, Thursday and Friday.

2. Any contract month in which a holiday falls on the last Thursday of the month or on any of the four weekdays prior to that Thursday shall terminate on the first prior Thursday that is not a holiday and is not so preceded by a holiday.

10202.I. [Reserved] ~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that 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 and all open and new contracts shall be subject to such government orders.~~

10203. SETTLEMENT PROCEDURES[3]

10203.A. Final Settlement

There shall be no delivery of feeder cattle in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the CME Feeder Cattle Index™ for the seven calendar days ending on the day on which trading terminates.

1. The Sample[4]

The CME Feeder Cattle Index™ is based upon a sample of transactions from these weight/frame score categories: 650 to 849 pound Medium and Large Frame #1 feeder steers, and 650 to 849 pound Medium and Large Frame #1-2 feeder steers.

The sample consists of all feeder cattle auction, direct trade, video sale, and Internet sale transactions within the 12-state region of Colorado, Iowa, Kansas, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming for which the number of head, weighted average price and weighted average weight are reported by the Agricultural Marketing Service of the USDA (USDA-AMS).

All direct trade reports shall be considered to be Friday transactions.

Multiple day sales, for which separate weighted average reports are not issued for each day or it is not evident from the reports issued what cattle sold on which day, shall be included in the sample as if all transactions occurred the final day of the sale.

Saturday and Sunday sales shall be included in the sample as if all transactions occurred on Monday.

Reports that are designated as "preliminary" shall not be included in the sample, and no transactions from that location shall be used until a final report is issued.

~~[1] Revised September 1988.~~
~~[2] Effective with November 1990 and all subsequent November contracts. Revised August 1999.~~
~~[3] Revised June 1992; November 1998; February 2004; September 2004.~~
~~[4] Revised January 2008.~~

Cattle identified in the report as being fancy, thin, fleshy, gaunt or full; having predominantly dairy, exotic or Brahma breeding; shall be excluded from the sample. Transactions for cattle that are reported by USDA-AMS as having an origin outside of the United States shall be excluded from the sample. Direct trade, video sale, and Internet sale transactions must be quoted on an FOB basis, 3% standing shrink or equivalent, with pickup within 14 days to be included in the sample.

2. The Calculation

The procedure for calculating the CME Feeder Cattle Index™ is as follows:

a. For each of the relevant weight/frame score categories in each report:

   i. the number of head is multiplied by the corresponding weighted average weight to obtain the total pounds sold in that weight/frame score category for that report; and

   ii. the number of head is multiplied by the corresponding weighted average weight, and the resulting product is then multiplied by the corresponding weighted average price, to obtain the total dollars sold in that weight/frame score category for that report.

b. For each report:

   i. the total pounds sold in the relevant weight/frame score categories (i.e., the results from 1.a., above) are aggregated to obtain the total pounds sold for that report; and

   ii. the total dollars sold in the relevant weight/frame score categories (i.e., the results from 1.b., above) are aggregated to obtain the total dollars sold for that report.

c. For all reports covering relevant transactions that occurred within the same seven calendar day period:

   i. the total pounds (i.e., the results from 2.a., above) are aggregated to obtain the total pounds sold within the 12-state region during that seven calendar day period; and

   ii. the total dollars (i.e., the results from 2.b., above) are aggregated to obtain the total dollars sold within the 12-state region during that seven calendar day period.

d. The total dollars sold within the 12-state region during that seven calendar day period (i.e., the result from 3.b., above) is divided by the total pounds sold within the 12-state region during that same seven calendar day period (i.e., the result from 3.a., above) to obtain the CME Feeder Cattle Index™.

10203.B. - H.[Reserved]

10204.-07. [RESERVED]

10208. [RESERVED]

(End Chapter 102)

Chapter 102A
Options on Feeder Cattle Futures

102A00. SCOPE OF CHAPTER

~~This chapter is limited in application to trading in put and call options on the Feeder Cattle futures contract. The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to options on Feeder Cattle futures. In addition to this chapter, options on Feeder Cattle futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

102A01. OPTIONS CHARACTERISTICS

102A01.A. Contract Months and Trading Hours [1]

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Board of Directors~~ Exchange.

102A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Feeder Cattle futures contract as specified in Chapter 102.

102A01.C. Minimum Fluctuations [2]

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of $.00025 per pound (also known as one tick). A trade may also occur at a price of $.000125 per pound ($6.25, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

102A01.D. [Reserved]

102A01.E. Exercise Prices [3]

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first two contract months, some exercise prices shall be at intervals of 1¢; e.g., 61¢, 62¢, 63¢, etc., as described below. For the expiring contract month, some exercise prices shall also be at intervals of .50¢; e.g., 60.50¢, 61.50¢, 62.50¢, etc., as described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at 2¢ intervals in a range of 16¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 16¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred. [4]

When a contract month becomes the second nearest contract month, the Exchange shall add exercise prices at 1¢ intervals at a range of 6¢ above and below the previous day's settlement price of the underlying futures contract. If the previous day's futures contract settlement price equals an eligible exercise price, then that exercise price shall also be listed, if not yet listed. Thereafter, when a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through, an odd-numbered exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call options at the next higher (or next lower) exercise price within a 6¢ range above

~~[1] Revised December 2001.~~
~~[2] Revised December 1988; June 1992 revisions effective with listing of January 1993 contracts on June 9, 1992; December 1992.~~
~~[3] Revised September 1992; November 1997; December 1997, December 2001; August 2004.~~
~~[4] Revised July 1992.~~

(or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

On the first ~~business day~~Business Day of the expiring contract month, the Exchange shall add exercise prices for the expiring contract at .50¢ intervals at a range 2¢ above and below the previous day's settlement price. If the previous day's futures contract settlement price equals an eligible exercise price, then that exercise price shall also be listed. Thereafter, when a sale, bid, offer, or settlement price occurs at, or passes through, a half–cent exercise price, the Exchange shall on the next ~~trading day~~Trading Day list put and call options at the next higher (or next lower) exercise price within a 2¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The ~~Board~~ Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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

102A01.F. Position Limits[1], Exemptions, Position Accountability and Reportable Levels

~~No person shall own or control a combination of options and underlying futures that exceeds:~~

~~1. 1,950 futures equivalent contracts net on the same side of the market in any contract month;~~

~~2. 300 futures equivalent contracts net on the same side of the market in the spot month during the last ten days of trading.~~

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

102A01.G. ~~Accumulation of Positions~~ [Reserved]

~~The positions of all accounts owned or controlled by a person or persons acting in concert or in which such person or persons have a proprietary or beneficial interest, shall be cumulated. The Board may impose position limits for any such accounts as it deems appropriate.~~

102A01.H. ~~Exemptions~~ [2] [Reserved]

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

102A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

102A01.J. [Reserved] ~~Contract Modification~~

~~**Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order,**~~

~~[1] Revised March 1988; August 1993; November 1996, June 2008; January 2009.~~
~~[2] Revised September 1988.~~

~~ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such government orders.~~

102A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Feeder Cattle options.

102A02.A. Exercise of Option by Buyer ~~[1]~~

An option may be exercised by the buyer on any ~~business day~~Business Day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instruction delivered to the Clearing House by 7:00 p.m. on the ~~business day~~Business Day following the ~~expiration~~Expiration Day by the clearing member representing the option buyer, be exercised automatically. ~~[2]~~

An option is in the money if the final settlement price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final. ~~[3]~~

102A02.B. Assignment

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same areas. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

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

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

102A03. [RESERVED]

102A04.-29. [RESERVED]

FLEXIBLE FEEDER CATTLE OPTIONS ~~[4]~~

102A30. SCOPE OF FLEXIBLE OPTION RULES

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

102A31. FLEXIBLE OPTION CHARACTERISTICS

~~[1] Revised July 1988; September 1996.~~
~~[2] An option is in the money if the final settlement price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.~~
~~[3] Adopted August 1995.~~
~~[4] Effective June 1998.~~

102A31.A. Nature of Flexible Contracts

Flexible options on Feeder Cattle futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

102A31.B. Trading Unit

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Feeder Cattle futures contract as specified in Chapter 102. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

102A31.C. Minimum Fluctuations

(Refer to Rule 102A01.C.–Minimum Fluctuations)

102A31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Feeder Cattle futures contract that is currently available for trading, as specified in Chapter 102.

102A31.E. Exercise Prices

Exercise prices shall be stated in terms of the Feeder Cattle futures contract that is deliverable upon exercise of the option and may be at intervals of .25 cents per pound for all levels from .25 to 1,000; e.g., 62.25, 62.50.

102A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels)

(Refer to Rule 102A01.F.–**Position Limits, Exemptions, Position Accountability and Reportable Levels**)

102A31.G. ~~Accumulation of Positions~~[Reserved]

~~(Refer to Rule 102A01.G.–Accumulation of Positions)~~

102A31.H. ~~Exemptions~~[Reserved]

~~(Refer to Rule 102A01.H.–Exemptions)~~

102A31.I. Termination of Trading

Flexible option expiration dates may be specified for any Exchange ~~business day~~Business Day up to and including the last ~~trading day~~Trading Day of the underlying futures contract.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

102A31.J. ~~Contract Modification~~ [Reserved]

~~(Refer to Rule 102A01.I.–Contract Modification)~~

102A32. FLEXIBLE OPTION EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Feeder Cattle futures.

102A32.A. Exercise of Flexible Option by Buyer

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any ~~business day~~Business Day that the option is traded and also on its ~~expiration~~Expiration Day ~~date~~. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p~~P~~.m~~M~~. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M.~~ p.m. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its ~~expiration~~Expiration Day ~~date~~ shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 ~~P.M.~~ p.m. on the day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

102A32.B. Assignment

(Refer to Rule 102A32.B.–Assignment)

102A33. [RESERVED]

102A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

102A35. RESPONSE TIME INTERVAL

No trades against the first RFQ submitted for a flexible option series on any ~~trading day~~Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

102A36. RFQ TRADING INTERVAL

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

102A37. EXPIRATION OF AN RFQ

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

102A38. REPORTING OF FLEXIBLE OPTION TRADES

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 102A)

Chapter 152
Lean Hog Futures

15200. SCOPE OF CHAPTER

~~This chapter is limited in application to futures trading of lean hogs. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to Lean Hog futures. In addition to this chapter, Lean Hog futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

15201. ~~COMMODITY~~ CONTRACT SPECIFICATIONS ~~[1]~~

Each futures contract shall be valued at 40,000 pounds times the CME Lean Hog Index®.

15202. ~~FUTURES CALL [2]~~ TRADING SPECIFICATIONS

15202.A. Trading Schedule~~[3]~~

Futures contracts shall be scheduled for trading during such hours and for final settlement in such months as may be determined by the ~~Board of Directors~~ Exchange.

15202.B. Trading Unit ~~[4]~~

The unit of trading shall be 40,000 pounds of lean value hog carcasses ~~that fall within the packer base weight range~~.

15202.C. Price Increments

Minimum price fluctuations shall be in multiples of $.00025 per pound.

15202.D. Daily Price Limits ~~[5]~~

There shall be no trading at a price more than $.030 per pound above or below the previous day's settlement price, except that there shall be no daily price limits in the ~~spot~~ expiring month contract during the last 2 ~~days of trading~~Trading Days.

15202.E. Position Limits ~~[6]~~, Exemptions, Position Accountability and Reportable Levels

~~No person shall own or control more than:~~

~~1. 4,150 contracts long or short in any contract month;~~

~~2. 950 contracts long or short in the expiring contract month as of the close of business on the fifth business day of the contract month.~~

~~For positions involving options on Lean Hogs futures, this rule is superseded by the option speculative position limit rule.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~[1] Revised November 1997.~~
~~[2] Daily trading limits eliminated August 4, 1978.~~
~~[3] Revised December 2001.~~
~~[4] Revised February 1990 effective with April 1991 and all subsequently listed contracts. Revised August 2002.~~
~~[5] Revised May 1996, May 2006.~~
~~[6] Revised December 1997; June 1998; July 1998; March 2000, March 2005, March 2006.~~

15202.F. ~~Accumulation of Positions~~[Reserved]

~~For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons having a proprietary or beneficial interest, shall be cumulated.~~

15202.G. ~~Exemptions~~[Reserved]

~~The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

15202.H. Termination of Trading [7]

Trading shall terminate on the tenth ~~business day~~Business Day of the contract month.

15202.I. [Reserved] ~~Contract Modifications~~

~~**Specifications shall be fixed as of the first day of trading of a contract, except that 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, and all open and new contracts shall be subject to such government orders.**~~

15203. SETTLEMENT PROCEDURES [8]

15203.A. Final Settlement

There shall be no delivery of hogs in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the CME Lean Hog Index® for the two–day period ending on the day on which trading terminates.

1. The Sample[9]

The sample consists of all producer-sold negotiated and swine or pork market formula barrows and gilts purchased on a lean value direct basis by packers for which the head count, average net price and average carcass weight are reported in the “National Daily Direct Hog Prior Day Report-Slaughtered Swine” released by the USDA.

2. The Calculation [10]

The procedure for calculating the CME Lean Hog Index is as follows, using data reported on two consecutive weekdays.

1. The daily head count for negotiated transactions is multiplied by the corresponding daily average carcass weight to obtain the negotiated daily total weight;
2. The daily head count for swine or pork market formula transactions is multiplied by the corresponding daily average carcass weight to obtain the swine or pork market formula daily total weight;
3. The daily totals for negotiated weight (i.e., the result from 1. above) and swine or pork market formula weight (*i.e.*, the result from 2. above) are added to obtain the daily total weight;
4. The daily total weights (i.e., the result from 3. above) for two consecutively reported days are aggregated to obtain the two–day total weight;
5. The negotiated daily total weight (i.e., the result from 1. above) is multiplied by the corresponding daily average net price to obtain the negotiated daily total value;
6. The swine or pork market formula daily total weight (i.e., the result from 2. above) is multiplied by the corresponding daily average net price to obtain the swine or pork market formula daily total value;
7. The daily totals for negotiated value (i.e., the result from 5. above) and swine or pork market formula value (i.e. the result from 6. above) are added to obtain the daily total value;

[7] ~~Revised October 1979; January 1990 revisions effective with February 1991 and all subsequently listed contracts.~~
[8] ~~Revised November 1997.~~
[9] ~~Revised November 1979; January 1990 revisions effective with February 1991 and all subsequently listed contracts.~~
[10] ~~Revised June 1998.~~

8. The daily total values (i.e., the result from 7., above) for two consecutively reported days are aggregated to obtain the two–day total value; and
9. The two–day total value (i.e., the result from 8., above) is divided by the two–day total weight (i.e., the result from 4., above) to obtain the CME Lean Hog Index

For the purposes of this rule, Friday of one week and Monday of the following week shall be considered to be consecutive weekdays.

Also for the purposes of this rule, any days when the necessary data are not released by the USDA shall not be considered weekdays, in which case the first weekday immediately preceding and the first weekday immediately following such day(s) shall be considered two consecutive weekdays.

15203.B. - H. [Reserved]

15204.-08. [RESERVED]

(End Chapter 152)

Chapter 152A
Options on Lean Hog Futures

152A00. SCOPE OF CHAPTER

~~**This chapter is limited in application to trading in put and call options on the Lean Hogs futures contract. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.**~~ ~~[1]~~

This chapter is limited in application to options on Lean Hog futures. In addition to this chapter, options on Lean Hog futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

152A01. OPTIONS CHARACTERISTICS ~~[2]~~

152A01.A. Contract Months and Trading Hours ~~[3]~~

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Board of Directors~~ Exchange.

152A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Lean Hogs futures contract as specified in Chapter 152. ~~[4]~~

152A01.C. Minimum Fluctuations ~~[5]~~

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of $.00025 per pound (also known as one tick). A trade may also occur at a price of $.000125 per pound ($5.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

152A01.D. Underlying Futures Contract ~~[6]~~

For regular-cycle options, the underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in February is the February futures contract.

152A01.E. Exercise Prices ~~[7]~~

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 2¢; e.g., 60¢, 62¢, 64¢, etc. In addition, for the first two contract months, some exercise prices shall also be at intervals of 1¢; e.g., 60¢, 61¢, 62¢, etc., as is described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range 24¢ above and below the previous day's settlement price of the underlying futures contract. When a sale, bid, offer or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 24¢ range above (or below) the exercise price at which or through which the underlying futures sale, bid offer or settlement price occurred.

~~[1] Revised November 1995.~~
~~[2] Revised September 1994; June 1999.~~
~~[3] Revised November 1995, December 2001.~~
~~[4] Revised November 1995.~~
~~[5] Revised December 1988; March 1990 effective with April 1991 and all subsequently listed contracts; December 1992.~~
~~[6] Revised July 1992; February 1993; May 1994; September 1994; July 2000.~~
~~[7] Revised June 2002, February 2008.~~

When a contract becomes the second nearest contract month, the Exchange shall add exercise prices at 1¢ intervals at a range 12¢ above and below the previous day's settlement price. Thereafter, when a sale, bid, offer, or settlement price occurs at, or passes through, any exercise price, the Exchange shall on the next ~~trading day~~Trading Day list put and call options at the next higher (or next lower) exercise price within a 12¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. In addition, when a sale, bid, offer, or settlement price occurs at, or passes through, any even-numbered exercise price; e.g., 60¢, 62¢, 64¢, the Exchange shall on the next ~~trading day~~Trading Day list put and call options at the next higher (or next lower) even-numbered exercise price within a 24¢ range above (or below) the exercise price through which the underlying futures sale, bid, offer, or settlement price occurred. New options may be listed for trading up to and including the termination of trading.

The ~~Board~~Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate~~, subject to the provisions of Section 5a(a)(12)(A) of the Commodity Exchange Act and CFTC regulations thereunder~~.

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

152A01.F. Position Limits ~~[8]~~, Exemptions, Position Accountability and Reportable Levels

~~No person shall own or control a combination of options and underlying futures that exceeds:~~

1. ~~4,150 futures equivalent contracts net on the same side of the market any contract month;~~
2. ~~950 futures equivalent contracts net on the same side of the market in the expiring contract month as of the close of business on the fifth business day of the contract month.~~

~~For purposes of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and along underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

152A01.G. ~~Accumulation of Positions~~[Reserved]

~~For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

152A01.H. ~~Exemptions [9]~~[Reserved]

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to option positions exempted pursuant to Rule 559.~~

152A01.I. Termination of Trading ~~[10]~~

Options trading shall terminate on the same date and time as the underlying futures contract.

152A01.J. [Reserved] ~~Contract Modification~~

~~**Specifications shall be fixed as of the first day of trading of a contract except that all options**~~

~~[8] Revised May 1994; November 1995; December 1997; June 1998; July 1998; March 2000, March 2005, March 2006.~~
~~[9] Revised September 1988.~~
~~[10] Revised January 1990 effective with February 1991 and all subsequently listed contracts. Revised September 1994; July 2000.~~

~~**must conform to government regulations in force at the time of exercise. If the U.S. government, an agency or duly constituted body thereof issues an order, ruling, directive or law inconsistent with these rules, such order, ruling, directive or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.**~~

152A02. EXERCISE ~~[11]~~ AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Lean Hogs options.

152A02.A. Exercise of Option by Buyer ~~[12]~~

An option may be exercised by the buyer on any ~~business day~~Business Day that the option is traded. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise. ~~[13]~~

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m~~.,~~ on the second ~~business day~~Business Day following the ~~expiration~~Expiration Day by the clearing member representing the option buyer, be exercised automatically.

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final. ~~[14]~~

152A02.B. Assignment

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

The clearing member assigned an Exercise Notice shall be assigned a short position in the underlying futures contract if a call was exercised or a long position if a put was exercised. The clearing member representing the option buyer shall be assigned along position in the underlying futures contract if a call was exercised and a short position if a put was exercised.

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

152A03. [RESERVED]

152A04.-29. [RESERVED]

FLEXIBLE LEAN HOG OPTIONS ~~[15]~~

152A30. SCOPE OF FLEXIBLE OPTION RULES

~~[11] Revised November 1995.~~
~~[12] Revised July 2000.~~
~~[13] Revised December 1991; September 1996; November 1997. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.~~
~~[14] Adopted August 1995.~~
~~[15] Effective June 1998.~~

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

152A31. FLEXIBLE OPTION CHARACTERISTICS

152A31.A. Nature of Flexible Contracts

Flexible options on Lean Hog futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

152A31.B. Trading Unit

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Lean Hog futures contract as specified in Chapter 152. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

152A31.C. Minimum Fluctuations

(Refer to Rule 152A01.C.–Minimum Fluctuations)

152A31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Lean Hog futures contract that is currently available for trading, as specified in Chapter 152.

152A31.E. Exercise Prices

Exercise prices shall be stated in terms of the Lean Hog futures contract that is deliverable upon exercise of the option and may be at intervals of .25 cents per pound for all levels from .25 to 1,000; e.g., 62.25, 62.50.

152A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

(Refer to Rule 152A01.F.–**Position Limits, Exemptions, Position Accountability and Reportable Levels**)

152A31.G. ~~Accumulation of Positions~~[Reserved]

~~(Refer to Rule 152A01.G.–Accumulation of Positions)~~

152A31.H. ~~Exemptions~~[Reserved]

~~(Refer to Rule 152A01.H.–Exemptions)~~

152A31.I. Termination of Trading

Flexible option expiration dates may be specified for any Exchange ~~business day~~Business Day up to and including the last ~~trading day~~Trading Day of the underlying futures contract.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

152A31.J. ~~Contract Modification~~[Reserved]

~~(Refer to Rule 152A01.J.–Contract Modification)~~

152A32. FLEXIBLE OPTION EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Lean Hog futures.

152A32.A. Exercise of Flexible Option by Buyer

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any ~~business day~~Business Day that the option is traded and also on its ~~expiration~~Expiration Day ~~date~~. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 P.M. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M.~~ p.m. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its ~~expiration~~Expiration Day ~~date~~ shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 ~~P.M.~~ p.m. on the day following the termination of trading by the clearing member representing the option buyer, be exercised automatically.

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

152A32.B. Assignment

(Refer to Rule 152A32.B.–Assignment)

152A33. [RESERVED]

152A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

152A35. RESPONSE TIME INTERVAL

No trades against the first RFQ submitted for a flexible option series on any ~~trading day~~Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

152A36. RFQ TRADING INTERVAL

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

152A37. EXPIRATION OF AN RFQ

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

152A38. REPORTING OF FLEXIBLE OPTION TRADES

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 152A)

Chapter 152B
Options on Lean Hogs Futures Calendar Spreads

152B00. SCOPE OF CHAPTER

~~This chapter is limited in application to trading in put and call options on Lean Hogs futures calendar spreads. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to options on Lean Hog futures calendar spreads. In addition to this chapter, options on Lean Hog futures calendar spreads shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

152B01. OPTIONS CHARACTERISTICS

152B01A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Exchange.

152B01B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Lean Hogs futures calendar spread. A Lean Hogs futures calendar spread consists of a combination of a purchase in one futures contract month and a sale in another futures contract month. A call calendar spread option is the equivalent of a long position in a nearer futures contract and a short position in a deferred futures contract. A put calendar spread option is the equivalent of a short position in a nearer futures contract and a long position in a deferred futures contract.

152B01C. Minimum Fluctuations

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of $.00025 per pound (also known as one tick). A trade may also occur at a price of $.000125 per pound ($5.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

152B01D. Underlying Futures Contracts

The underlying futures contracts are the futures contract for the month in which the option expires and the corresponding futures contract month in that combination. For example, the underlying futures contracts for a February-April calendar spread option are the February futures contract and the April futures contract.

152B01E. Exercise Prices

The exercise prices shall be based on the price difference obtained by subtracting the deferred futures contract price from the nearer futures contract price. The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of 1 cent; e.g. 10, 11, 12. In addition, for options involving the first two underlying futures contract months, some exercise prices shall be at intervals of .50 cent, as described below.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at 1 cent intervals in a range 12¢ above and below the difference between the previous day's settlement prices of the underlying futures contracts. When a sale or settlement price in the underlying futures contracts price differential occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 12¢ range above (or below) the exercise price at which or through which the sale or settlement price in the underlying futures contracts price differential occurred.

When an underlying futures contract month becomes the second nearest contract month, the Exchange shall add exercise prices at .50 cent intervals in range 6¢ above and below the difference between the previous day's settlement prices of the underlying futures contracts. When a sale or settlement price in the underlying futures contracts price differential occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a 6¢ range above (or below) the exercise price at which or through which the sale or settlement price in the underlying futures contracts price differential occurred.
New options may be listed for trading up to and including the termination of trading. The Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.
The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

152B01F. Position Limits, Exemptions, Position Accountability and Reportable Levels

~~No person shall own or control a combination of options and underlying futures that exceeds:~~
~~4,150 futures equivalent contracts net on the same side of the market in any contract month;~~
~~950 futures equivalent contracts net on the same side of the market in the expiring contract month as of the close of business on the fifth business day of the contract month.~~
~~For purposes of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series.~~
The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

152B01G. ~~Accumulation of Positions~~[Reserved]

~~For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

152B01H. ~~Exemptions~~[Reserved]

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to option positions exempted pursuant to Rule 559.~~

152B01I. Termination of Trading

Options trading shall terminate on the ~~business day~~Business Day preceding the last day of trading in the underlying nearby futures contract.

152B01J. [Reserved] ~~Contract Modification~~

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

152B02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Lean Hogs options on calendar spreads.

152B02A. Exercise of Option by Buyer

An option may be exercised by the buyer only on the day that the option expires. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m~~., ~~on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bonafide clerical error, (2) an unreconciled Exchange option transaction (s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President 's designee, and such decision will be final.

152B02B. Assignment

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

The clearing member assigned an Exercise Notice shall be assigned a short position in the underlying nearer futures contract and a long position in the underlying distant futures contract if a call was exercised or a long position in the underlying nearer contract and a short position in the underlying distant contract if a put was exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying nearer futures contract and a short position in the underlying distant futures contract if a call was exercised and a short position in the underlying nearer contract and a long position in the underlying distant contract if a put was exercised.

All such futures positions shall be assigned at prices as follows: the nearby futures contract shall be assigned at the settlement price and the distant futures contract shall be assigned at a price equal to the settlement price of the nearby futures contract minus the exercise price of the option and shall be marked to market in accordance with Rule 814 on the ~~trading day~~Trading Day following acceptance by the Clearing House of the Exercise Notice.

152B03. [RESERVED]

(End Chapter 152B)

Chapter 201
Random Length Lumber Futures

20100. SCOPE OF CHAPTER

~~This chapter is limited in application to futures trading of "S-Dry" random length lumber. The procedures for trading, clearing, inspection, delivery, settlement and any other matters not specifically covered herein shall be governed by the Rules of the Exchange.~~

This chapter is limited in application to Random Length Lumber futures. In addition to this chapter, Random Length Lumber futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

20101. ~~COMMODITY~~ CONTRACT SPECIFICATIONS ~~[1]~~

Each delivery unit shall consist of nominal 2x4's of random lengths from 8 feet to 20 feet. Each delivery unit shall consist of and be grade stamped #1 or #2 AND BETTER. Each delivery unit shall be manufactured in California, Idaho, Montana, Nevada, Oregon, Washington, Wyoming, or Alberta or British Columbia, Canada, and contain lumber produced from and grade stamped Hem Fir (except that Hem-Fir shall not be deliverable if it is manufactured in Canada; nor that portion of Washington including and to the west of Whatcom, Skagit, Snohomish, King, Pierce, Lewis and Skamania counties; nor that portion of Oregon including and to the west of Multnomah, Clackamas, Marion, Linn, Lane, Douglas and Jackson counties; nor that portion of California west of Interstate Highway 5 nor south of US Highway 50), Englemann Spruce, Lodgepole Pine, Englemann Spruce/Lodgepole Pine and/or Spruce Pine Fir (except that Spruce-Pine-Fir shall not be deliverable if it is manufactured in those portions of Washington, Oregon and California that are noted above).

20102. ~~FUTURES CALL~~TRADING SPECIFICATIONS

20102.A. Trading Schedule

Futures contract shall be scheduled for trading and delivery during such hours and in such months as may be determined by the ~~Board~~Exchange.

20102.B. Trading Unit ~~[2]~~~~[3]~~

The unit of trading shall be 110,000 board feet.

20102.C. Price Increments

Minimum price fluctuations shall be in multiples of $.10 per thousand board feet.

20102.D. Daily Price Limits ~~[4]~~

There shall be no price limit in the ~~spot~~ expiring month contract beginning on the first Business Day of the contract month.

There shall be a daily price limit of $10.00 per thousand board feet above or below the previous day's settlement price.

If the contract nearest to expiration that is subject to a daily limit is quoted at the limit bid or limit offer as the last price in the designated settlement period, without regard to CME trading venue, for two successive days, then the price limit shall be raised to $15.00 per thousand board feet for all contracts subject to a daily limit.

Unless the contract nearest to expiration that is subject to a daily price limit of $15.00 is quoted at the limit bid or limit offer as the last price in the designated settlement period, without regard to CME trading venue and without regard to market direction, the price limits shall revert to $10.00 per thousand board feet on the next ~~business day~~Business Day.

~~[1] Revised May 2001; June 2002.~~
~~[2] Revised May 1987; December 1990; July 1995; April 1999.~~
~~[3] Revised May 1987; December 1990.~~
~~[4] Revised October 1984; March 1993; March 1999; June 2001.~~

20102.E. Position Limits[1], Exemptions, Position Accountability and Reportable Levels

~~A person shall not own or control more than:~~

~~1. 1,000 contracts long or short in any one contract month;~~

~~2. 435 contracts long or short in the expiring contract month as of the close of business on the first business day of the contract month.~~

~~For positions involving options on Random Length Lumber futures, this rule is superseded by the option speculative position limit rule.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

20102.F. ~~Accumulation of Positions~~ [2][Reserved]

~~**For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.**~~

20102.G. ~~Exemptions~~ [3][Reserved]

~~The foregoing limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the Rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

20102.H. Termination of Trading

Trading shall terminate on the ~~business day~~Business Day immediately preceding the 16th calendar day of the contract month.

20102.I. [Reserved] ~~Contract Modifications~~

~~**Specifications shall be fixed as of the first day of trading of a contract except that all deliveries must conform to government regulations in force at the time of delivery. If any federal 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, and all open and new contracts shall be subject to such government orders.**~~

20103. SETTLEMENT PROCEDURES

In addition to the procedures and requirements of Chapter 7, the following shall specifically apply to the delivery of random length lumber.

20103.A. [Reserved]

20103.B. Notice of Intent to Deliver

Seller shall give his Notice of Intent to Deliver to the Clearing House prior to 12:00 noon (~~Chicago Time)~~ on any ~~business day~~Business Day after termination of trading in the contract month.

20103.C. [Reserved]

[1] ~~Revised July 1995; April 1999; October 1999, July 2005.~~
[2] ~~Revised September 1986.~~
[3] ~~Revised September 1988; September 2001.~~

20103.D. Seller's Duties ~~[1]~~

If the buyer's designated destination is east of the western boundaries of North Dakota, South Dakota, Nebraska, Kansas, Texas and Oklahoma, and the western boundary of Manitoba, Canada, the seller shall follow the buyer's shipping instructions within seven (7) ~~business day~~Business Days after receipt of such instructions. In addition, the seller shall prepay the actual freight charges and bill the buyer, through the Clearing House, the lowest published freight rate for 73-foot railcars from Prince George, British Columbia to the buyer's destination. If the lowest published freight rate from Prince George, British Columbia to buyer's destination is a rate per one hundred pounds, the seller shall bill the buyer on the weight basis of 1,650 pounds per thousand board feet. The term "lowest published freight rate" refers only to the lowest published "general through rate" and not to rates published in any other rate class.

If, however, the buyer's destination is outside of the aforementioned area, the seller shall follow the same procedures except that the seller shall have the right to change the point of origin and/or originating carrier within 2 ~~business day~~Business Days after receipt of buyer's original shipping instructions. If a change of origin and/or originating carrier is made, the seller shall then follow the buyer's revised instructions within seven (7) ~~business day~~Business Days after receipt of such instructions.

If the freight rate to the buyer's destination is not published, the freight charge shall be negotiated between the buyer and seller in accordance with industry practice.

Any additional freight charges resulting from diversion by the buyer in excess of the actual charges for shipment to the destination specified in the shipping instructions submitted to the Clearing House are the responsibility of the buyer. Any reduction in freight charges that may result from a diversion is not subject to billing adjustment through the Clearing House.

Any applicable surcharges noted by the rail carrier shall be considered as part of the freight rate and can be billed to the buyer through the CME Clearing House.

If within two (2) ~~business day~~Business Days of the receipt of the Notice of Intent the buyer has not designated a destination, or if during that time the buyer and seller fail to agree on a negotiated freight charge, the seller shall treat the destination as Chicago, Illinois. If the buyer does not designate a carrier or routing, the seller shall select same according to normal trade practices.

To complete delivery, the seller must deposit with the Clearing House a Delivery Notice, a uniform straight bill of lading (or a copy thereof) and written information specifying grade, a tally of pieces of each length, board feet by sizes and total board feet. The foregoing documents must be received by the Clearing House postmarked within fourteen (14) ~~business day~~Business Days of the date of receipt of shipping instructions.

In addition, within one (1) ~~business day~~Business Day after acceptance by the railroad, the Clearing House must receive information (via a telephone call, facsimile or electronic transmission) from the seller giving the car number, piece count by length, unit size, total board footage and date of acceptance. The date of acceptance by the railroad is the date of the bill of lading, signed and/or stamped by the originating carrier, except when determined otherwise by the Clearing House.

If the seller fails to fulfill any of the aforementioned duties within the prescribed time, penalties will be assessed by the Clearing House ~~Manager~~ in accordance with the current penalty schedule.

20103.E. Buyer's Duties ~~[2]~~[3]

The clearing member assigned the Notice of Intent shall deposit with the Clearing House no later than 10:00 a.m. ~~(Chicago time)~~ on the following ~~business day~~Business Day a certified or cashier's check in an amount equal to 110 times the settlement price on the last day of trading in the contract month.

The buyer shall, within two ~~business day~~Business Days of receipt of the Notice of Intent, submit to

~~[1] Revised December 19990; July 1995; April 1999; December 2002.~~
~~[2] Revised February 1981; May 1987; December 1990; July 1995; April 1999.~~
~~[3] Revised February 1981; May 1987; December 1990; December 2002.~~

the Clearing House shipping instructions, to include consignee, point of destination, and routing acceptable to the originating carrier. In the event of a change in the point of origin and/or originating carrier by the seller, the buyer shall submit to the Clearing House, within two ~~business day~~Business Days of receipt of that change, revised instructions for routing acceptable to the originating carrier but may not change consignee nor point of destination.

20103.F. Payment [1]

Upon the seller's fulfillment of the delivery, the Clearing House shall transfer to him the amount due, payment to be made in U.S. dollars. This means that "the lowest published freight rate" referred to in Rule 20103.D. is denominated in U.S. dollars with no exchange rate adjustment. The seller may not, however, bill the buyer for any surcharge for prepayment in Canadian dollars.

Any government duties, fees and charges shall be the responsibility of the shipper. Title shall pass to the buyer at the shipping point upon acceptance by the railroad of the loaded railcar which is being shipped in satisfaction of the delivery.

20103.G. - H. [Reserved]

20104. PAR DELIVERY AND SUBSTITUTIONS

20104.A. Par Delivery [2][3]

Delivery shall be made on track at the producing mill. The delivery unit must be loaded at the on-site siding of the producing mill or, if a mill normally uses an off-site location for rail loading because rail access does not exist, then a delivery unit may be loaded on track at that designated off-site location by the producing mill. The unit must be shipped on an original bill of lading and the mill number must be noted on the bill of lading. A single delivery unit must be delivered from the same mill. Mills are limited to one location for purposes of delivery and, if off-site, must receive approval of the site from the Exchange prior to making delivery from that location.

The lumber shall be wrapped in paper, poly or their industry recognized equivalents and loaded on a flat car. All lumber delivered shall include only pieces produced directly from logs or mill run rough lumber, with no pre-sorting for grade prior to planing. Remanufactured pieces made from previously planed lumber are not acceptable for delivery.

1. Size [4]

   A delivery unit shall be 110,000 board feet of random length 2x4's, provided the tally is within the following limits:

Length	Percent of Total Board Feet Delivered
8'	3% to 10%
10'	5% to 12%
12'	10% to 20%
14'	10% to 24%
16'	35% to 60%
18'	0% to 15%
20'	0% to 15%
16' + 18' + 20'	45% to 60%

   The lumber shall be double end trimmed, surfaced four sides, eased edge and of minimum dressed dimensions, as specified in Voluntary Product Standard 20-94, American Softwood Lumber Standard, published by the United States Department of Commerce, or any subsequent revisions (hereinafter referred to as PS 20).

   The tally (i.e., "piece count by length") reported to the Clearing House by the seller must meet the specifications of this Rule. If the seller's actual tally does not meet the specifications of this

~~[1] Revised July 1986; June 1987; July 1995.~~
~~[2] Revised December 1990; July 1995.~~
~~[3] Revised December 1990.~~
~~[4] Revised May 1987; December 1990; November 1997; April 1999.~~

Rule, the seller may adjust the reported tally, as described below, to bring the reported tally into conformance with these specifications. If the reported tally is adjusted to meet contract specifications, the seller must provide the Clearing House with both the actual tally and the adjusted tally.

If the Clearing House must adjust a seller's reported tally or if the reported tally does not agree with the actual tally (actual wood received), the seller shall be charged with fines/penalties in accordance with the current penalty schedule.

If the reported tally cannot be adjusted to meet contract specifications, or if the actual tally does not meet specifications and cannot be adjusted to meet specifications, the delivery unit may be rejected by the buyer. The seller would then be required to reship and be fined/penalized in accordance with the current penalty schedule.

Delivery units (actual and reported tally) may be adjusted to meet contract specifications by deleting one or more banded units or individual pieces from the delivery unit, as long as such deletion does not cause the balance of the lumber to become inconsistent with any other rule in the Random Length Lumber contract. If lumber is deleted from the delivery unit in order to meet tally specifications, the buyer shall retain title to such lumber but shall not be billed for either the lumber which is to be disregarded or for the freight associated with it. A seller may not meet contract specifications by "pencil trimming" of lengths (e.g., assuming that a 20' piece is only an 18' piece). In addition, if a seller cannot meet tally specifications by deleting banded units or individual pieces, or if he cannot meet total board footage specifications even though tally specifications are met, the seller will be required to ship another car and be subject to appropriate fines, penalties and/or damages.

2. Packaging [1]

The lumber shall be unitized; that is, steel banded. In addition, all units shall contain lumber of equal lengths, except 18 foot and 20 foot lengths which may be banded together. The units shall be individually wrapped in paper, poly or their industry recognized equivalents.

3. Quality [2]

The lumber shall meet the requirements of PS 20 and shall comply with the requirements for inspection and reinspection of an agency recognized by the American Lumber Standards committee and/or Canadian Lumber Standards Committee.

4. Moisture Content

The moisture content of each piece shall not exceed 19% as determined by moisture meter readings in accordance with the "Standard Method of Tests for Moisture Content of Wood," Section 9, Method B of the American Society for Testing Material Standard, D2016-65.

5. Marking

All pieces shall be grade marked with the registered symbol of an agency recognized by the American Lumber Standards Committee and/or Canadian Lumber Standard Committee. All pieces shall be marked with the mill name and/or association identification number, grade, seasoning and species according to the stamping requirements of the Certified Inspection Agency, and shall meet all other requirements of state and federal law.

20104.B. Variations in Quantity [3]

Variations in quantity of the delivery unit between 105,000 and 115,000 board feet shall be permitted without penalty, but payment shall be made on the basis of the exact quantity delivered.

20104.C. - D. [Reserved]

20105. INSPECTIONS [4]

[1] ~~Revised December 1990.~~
[2] ~~Revised November 1997.~~
[3] ~~Revised May 1987; December 1990; July 1995; April 1999.~~
[4] ~~Revised November 1997.~~

Inspection shall conform to PS 20 and any other requirements that may thereafter be promulgated under PS 20. Inspection service and compliance shall be subject to the customer lumber industry practice, as provided in PS 20.

In case of claim on grade, moisture content, tally or manufacture, the buyer shall demand reinspection through the Clearing House to an agency recognized by the American Lumber Standards Committee and/or Canadian Lumber Standards Committee as provided for under the rules of those organizations and PS 20. Findings of the reinspection shall be final and binding upon the buyer and seller.

20106. [RESERVED]

20107. ASSOCIATED COSTS

The costs of all original grading and marking, documentation and related service shall be borne by the seller. The cost of reinspection shall be assessed as provided by the agency performing reinspection.

The seller shall assume demurrage charges up to the date of shipment. The buyer shall be responsible for any demurrage and diversion charges after shipment. The buyer shall be entitled to one reconsignment.

20108. [RESERVED]

(End Chapter 201)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 201

CLARIFICATION OF TRANSFERS OF CASH FOR RANDOM LENGTH LUMBER FUTURES BEFORE AND AFTER TERMINATION OF CONTRACT

(Special Executive Reports S-2326, December 17, 1990; S-2766, February 22, 1994)

The cash merchandise transferred for Random Length Lumber futures after termination of trading may only be deliverable species dimension lumber with variances for grade/size and tally; provided, however, that the quantities transferred both before and after termination of trading are comparable to the quantities specified in the futures contract and provided further, that there is an unconditional transfer of title to the buyer of the cash and the seller of the futures contract evidenced by, at a minimum, payment for the cash merchandise.

The shipment or transfer of the cash merchandise should be delivered to a destination normally used by the buyer or one that is common to the cash market. The buyer must retain ownership of the transferred product for personal use or resale to his customers and may not resell the product either directly or indirectly to the original seller.

~~CLARIFICATION OF "PAYMENT TO BE MADE IN U.S. DOLLARS" IN RULE 20103.F.~~

~~(Special Executive Report S-1216, May 12, 1983. Amended December 1990; and in Special Executive Report S-2766, February 22, 1994)~~

~~The phrase "payment to be made in U.S. dollars" in Rule 20103.F. means that "the lowest published freight rate" referred to in Rule 20103.D. is denominated in U.S. dollars with no exchange rate adjustment. The seller may not, however, bill the buyer for any surcharge for prepayment in Canadian dollars.~~

~~CLARIFICATION OF "DELIVERY ON TRACK AT THE PRODUCING MILL" IN RULE 20104.A.~~

~~(Special Executive Report S-1216, May 12, 1983. Amended December 1990; July 1995; February 1997; July 1998)~~

~~"Delivery on track at the producing mill" means that the car must be loaded at the on-site siding of the producing mill or, if a mill normally uses an off-site location for rail loading because rail access does not exist, then a delivery unit may be loaded on track at that designated off-site location by the producing mill. The unit must be shipped on an original bill of lading and the mill number must be noted on the bill of lading. A single delivery unit must be delivered from the same mill. Mills are limited to one location for purposes of delivery and, if off-site, must receive approval of the site from the Exchange prior to making delivery from that location.~~

~~CLARIFICATION OF RULE 20103.D.~~

~~(Special Executive Report S-1216, May 12, 1983. Amended December 1990)~~

~~A. Diversion~~

~~Any additional freight charges resulting from diversion by the buyer in excess of the actual charges for shipment to the destination specified in the shipping instructions submitted to the Clearing House are the responsibility of the buyer. Any reduction in freight charges that may result from a diversion is not subject to billing adjustment through the Clearing House.~~

~~B. Date of Acceptance~~

~~The date of acceptance by the railroad as used in Rule 20103.D. is the date of the bill of lading, signed and/or stamped by the originating carrier, except when determined otherwise by the Clearing House.~~

~~"TALLY REQUIREMENTS" IN RULES 20103.D. and 20104.A.1.~~

~~(Special Executive Report S-1216, May 12, 1983. Amended December 1990)~~

~~The tally (i.e., "piece count by length") reported to the Clearing House by the seller must meet the specifications of Rule 20104.A.1. If the seller's actual tally does not meet the specifications of Rule 20104.A.1., the seller may adjust the reported tally, as described below, to bring the reported tally into conformance with these specifications. If the reported tally is adjusted to meet contract specifications, the seller must provide the Clearing House with both the actual tally and the adjusted tally.~~

~~If the Clearing House must adjust a seller's reported tally or if the reported tally does not agree with the actual tally (actual wood received), the seller shall be charged with fines/penalties described below.~~

~~If the reported tally cannot be adjusted to meet contract specifications, or if the actual tally does not meet specifications and cannot be adjusted to meet specifications, the delivery unit may be rejected by the buyer. The seller would then be required to reship and be fined/penalized in accordance with Section VI.A. described below.~~

~~Delivery units (actual and reported tally) may be adjusted to meet contract specifications by deleting one or more banded units or individual pieces from the delivery unit, as long as such deletion does not cause the balance of the lumber to become inconsistent with any other rule in the Random Length Lumber contract. If lumber is deleted from the delivery unit in order to meet tally specifications, the buyer shall retain title to such lumber but shall not be billed for either the lumber which is to be disregarded or for the freight associated with it. A seller may not meet contract specifications by "pencil trimming" of lengths (e.g., assuming that a 20' piece is only an 18' piece). In addition, if a seller cannot meet tally specifications by deleting banded units or individual pieces, or if he cannot meet total board footage specifications even though tally specifications are met, the seller will be required to ship another car and be subject to appropriate fines, penalties and/or damages.~~

PENALTIES AND FINES

(Special Executive Report S-1216, May 12, 1983. Amended December 1990; February 1999, December 2005)

	Cause	Penalty / Fine
A.	1. Materially incomplete or erroneous shipping instructions or material adjustment to instructions.	$200 per ~~business day~~Business Day (assessed against the buyer and payable to seller).
	2. Failure by the seller to properly follow shipping instructions within seven ~~busi-ness day~~Business Days after receipt of instructions.	$200 per ~~business day~~Business Day (assessed against the seller and payable to buyer).
B.	Failure by the seller to telephone, telex or telegram the required information within one ~~business day~~Business Day of railroad acceptance.	$100 per ~~business day~~Business Day (assessed against the seller; and payable to the buyer).

	(Independent of A.)	
C.	Failure by the seller to mail the prescribed documents to the Clearing House within 14 ~~fourteen business day~~Business Days of receipt of buyer's shipping instructions.	$100 per ~~business day~~Business Day (assessed against the seller and payable to the Clearing House).
D.	Materially incomplete or erroneous delivery forms or material adjustment to delivery forms.	$150 per car (assessed against the seller and payable to the Clearing House).

~~CLARIFICATION OF "LOWEST PUBLISHED FREIGHT RATE" IN RULE 20103.D.~~

~~(Special Executive Report S-2677, July 6, 1993)~~

~~The term "lowest published freight rate" as used in Rule 20103.D. refers only to the lowest published "general through rate" and not to rates published in any other rate class.~~

~~CLARIFICATION OF RULE 20104.A-PAR DELIVERY~~

~~(Special Executive Report S-3775, February 20, 2002)~~

~~Participants in the delivery process for Random Length Lumber futures are reminded that, in keeping with past policy and practice, all lumber delivered shall include only pieces produced directly from logs or mill run rough lumber, with no pre-sorting for grade prior to planing. Remanufactured pieces made from previously planed lumber are not acceptable for delivery.~~

~~CLARIFICATION OF "FREIGHT RATE" IN RULE 20103.D~~

~~(Special Executive Report S-4228, March 4, 2005)~~

~~Participants in the delivery process for Random Length Lumber futures are reminded that, in keeping with cash market practice and past Exchange policy, any applicable surcharges noted by the rail carrier shall be considered as part of the freight rate and can be billed to the buyer through the CME Clearing House.~~

Chapter 201A
Options on Random Length Lumber Futures

201A00. SCOPE OF CHAPTER

~~**This chapter is limited in application to trading in put and call options on the Random Length Lumber futures contract. The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.**~~

This chapter is limited in application to options on Random Length Lumber futures. In addition to this chapter, options on Random Length Lumber futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

201A01. OPTIONS CHARACTERISTICS

201A01.A. Contract Months and Trading Hours ~~[1]~~

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Board of Directors~~ Exchange.

201A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Random Length Lumber futures contract as specified in Chapter 201.

201A01.C. Minimum Fluctuations ~~[2]~~

The price of an option shall be quoted in dollars per thousand board feet. Minimum price fluctuations shall be in multiples of $.10 per thousand board feet (also known as one tick). A trade may also occur at a price of $.05 per thousand board feet ($5.50, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

201A01.D. Underlying Futures Contract ~~[3]~~

1. Options in the Regular Cycle

For regular-cycle options, the underlying futures contract is the corresponding futures contract. For example, the underlying futures contract for the January option contract is the January futures contract.

2. Options Not in the Regular Cycle

For options that expire in months other than those in the regular cycle, the underlying futures contract is the next futures contract in the regular cycle that is nearest to the expiration of the option. For example, the underlying futures contract for the February option contract is the March futures contract.

201A01.E. Exercise Prices [4]

1. Options in the Regular Cycle

The exercise prices shall be stated in terms of dollars per thousand board feet at intervals of $5, e.g., $170, $175, $180, $185, $190, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options at the exercise price that is nearest the previous day's settlement price of the underlying futures contract as well as the next twenty higher and the next twenty lower exercise prices.

When a sale, bid or offer in the underlying futures contract occurs at, or passes through, the

~~[1] Revised December 2001.~~
~~[2] Revised December 1988; January 1991; December 1992; July 1995; April 1999.~~
~~[3] Adopted June 1998; revised March 2006.~~
~~[4] Revised May 1988; July 1992; June 1998, December 2001.~~

twentieth highest (or twentieth lowest) listed exercise price, put and call option contracts at the next higher (or lower) exercise price shall commence trading on the next ~~trading day~~Trading Day. New options may be listed for trading up to and including the termination of trading.

The ~~Board~~Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate.

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

2. Options Not in the Regular Cycle

Upon demand evidenced in the respective options pit, the Exchange shall list put and call options at any exercise price listed for trading in the next regular cycle futures options that is nearest the expiration of the option. New options may be listed for trading up to and including the termination of trading. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

201A01.F. Position Limits ~~[5]~~, Exemptions, Position Accountability and Reportable Levels

~~No person shall own or control a combination of options and underlying futures that exceeds 435 futures equivalent contracts net on the same side of the market in any contract month.~~

~~No person shall own or control a combination of options and underlying futures that exceeds 1,000 futures equivalent contracts net on the same side of the market in any contract month.~~

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for the purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

201A01.G. ~~Accumulation of Positions~~ ~~[6]~~[Reserved]

~~The positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the position of all accounts in which a person or person have a proprietary or beneficial interest, shall be cumulated.~~

201A01.H. ~~Exemptions~~ ~~[7]~~[Reserved]

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

201A01.I. Termination of Trading [8]

1. Options in the Regular Cycle

Options trading shall terminate on the last scheduled ~~business day~~Business Day of the month prior to the delivery month of the underlying futures contract. In the event that the underlying futures market does not open on the scheduled ~~expiration day~~Expiration Day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

~~[5] Revised July 1995; June 1998; April 1999; August 1999; October 1999, July 2005.~~
~~[6] Renumbered June 1998.~~
~~[7] Revised September 1988. Renumbered June 1998.~~
~~[8] Revised April 1987; November 1997; June 1998; December 2000; December 2001.~~

2. Options Not in the Regular Cycle

Options trading shall terminate on the last scheduled ~~business day~~Business Day of the month prior to the option contract month. In the event that the underlying futures market does not open on the scheduled ~~expiration day~~Expiration Day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

201A01.J. [Reserved] ~~Contract Modifications~~ [9]

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

201A02. FLEXIBLE OPTION EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Random Length Lumber options.

201A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any ~~business day~~Business Day the option is traded. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise. [10]

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer, be exercised automatically. [11]

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final. [12]

201A02.B. Assignment

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

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

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

[9] ~~Renumbered June 1998.~~
[10] ~~Revised July 1988.~~
[11] ~~Revision effective December 27, 1991. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.~~
[12] ~~Adopted August 1995.~~

201A03. [RESERVED]

201A04.-09. [RESERVED]

FLEXIBLE RANDOM LENGTH LUMBER OPTIONS ~~[13]~~

201A30. SCOPE OF FLEXIBLE OPTION RULES

Unless otherwise noted below, the following flexible option rules supersede the standard option regulations presented in the earlier part of the chapter.

201A31. FLEXIBLE OPTION CHARACTERISTICS

201A31.A. Nature of Flexible Contracts

Flexible options on Random Length Lumber futures shall be permitted in puts and calls that do not have the same underlying futures contract, and the same strike price, and the same exercise style, and the same expiration date as the standard listed options that are already available for trading.

Trading in standard options under certain flexible trading procedures shall be permitted prior to the listing of such options. Once and if these options are listed for trading as standard options, they will be traded only as standard options subject to the standard option trading requirements. Upon such listing, all existing open positions established under flexible procedures shall be fully fungible with transactions in the respective standard option series for all purposes under these regulations.

201A31.B. Trading Unit

The minimum size for requesting a quote and/or trading in a flexible option series is 10 contracts, where each contract represents an option to buy, in the case of a call, or to sell, in the case of a put, one Random Length Lumber futures contract as specified in Chapter 201. However, parties may request a quote and/or trade for less than 10 contracts in order to entirely close out a position in a flexible series.

Respondents to a request for quote must be willing to trade at least 10 contracts. However, a respondent may trade less than 10 contracts if the respondent is entirely closing out a position in the series.

201A31.C. Minimum Fluctuations

(Refer to Rule 201A01.C.–Minimum Fluctuations)

201A31.D. Underlying Futures Contracts

The underlying futures contract for a flexible option shall be any Random Length Lumber futures contract that is currently available for trading, as specified in Chapter 201.

201A31.E. Exercise Prices

Exercise prices shall be stated in terms of the Random Length Lumber futures contract that is deliverable upon exercise of the option and may be at intervals of $1 per thousand board feet for all levels from $1 to $10,000; e.g., $301, $302.

201A31.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

(Refer to Rule 201A01.F.–**Position Limits, Exemptions, Position Accountability and Reportable Levels**)

201A31.G. ~~Accumulation of Positions~~[Reserved]

~~(Refer to Rule 201A01.G.–Accumulation of Positions)~~

201A31.H. ~~Exemptions~~[Reserved]

~~(Refer to Rule 201A01.H.–Exemptions)~~

201A31.I. Termination of Trading ~~[14]~~

Flexible option expiration dates may be specified for any Exchange ~~business day~~Business Day up to and including the last ~~business day~~Business Day of the month prior to the delivery month of the underlying futures contract. In the event that the underlying futures market does not open on the

~~[13] Effective June 1998.~~
~~[14] Revised December 2001.~~

scheduled ~~expiration day~~Expiration Day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

A new flexible option series may not be opened on its last day of trading. However, an existing flexible option series may be traded on its last day of trading.

201A31.J. **~~Contract Modification~~ [RESERVED]**

~~(Refer to Rule 201A01.J. Contract Modification)~~

201A32. EXERCISE

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of flexible options on Random Length Lumber futures.

201A32.A. Exercise of Flexible Option by Buyer

Flexible options may be specified to have either American-style or European-style exercise.

A flexible option with American-style exercise may be exercised by the buyer on any ~~business day~~Business Day that the option is traded and also on its expiration date. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M.~~ p.m. on the day of exercise.

A flexible option with European-style exercise may be exercised by the buyer only on the day that the option expires. To exercise the option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 ~~P.M.~~ p.m. on the day of exercise.

Any flexible option that is in the money and has not been liquidated or exercised prior to its expiration date shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 P.M. on the day of termination of trading by the clearing member representing the option buyer, be exercised automatically.

An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

201A32.B. Assignment

(Refer to Rule 201A02.B.–Assignment)

201A33. [RESERVED]

201A34. INITIATING A FLEXIBLE OPTION CONTRACT SERIES

For each trading session, the opening of trading in any flexible option series shall occur through a Request For Quote (RFQ). No RFQ's will be accepted prior to ten minutes after the daily scheduled opening time of the underlying futures. No RFQ's will be accepted within thirty minutes of the daily scheduled closing time of the underlying futures.

201A35. RESPONSE TIME INTERVAL

No trades against the first RFQ submitted for a flexible option series on any ~~trading day~~Trading Day may occur prior to the end of the Response Time Interval. The Response Time Interval shall be a 5 minute period and will begin immediately upon acceptance of an RFQ by the designated flexible option pit official. The designated flexible option pit official shall signal the end of the Response Time Interval for each RFQ.

201A36. RFQ TRADING INTERVAL

A flexible option series shall be immediately open for trading following the Response Time Interval. Priority for RFQ's is determined by order of submission to the RFQ official, except that all RFQ's submitted before the open shall be treated equally.

201A37. EXPIRATION OF AN RFQ

Trading in a given flexible option series following an RFQ shall remain open for the remainder of the trading session.

201A38. REPORTING OF FLEXIBLE OPTION TRADES

It shall be the responsibility of the participants in a flexible option trade to report the quantities and prices to the designated flexible option pit official in a timely manner, including any later trades in open flexible contract term series.

(End Chapter 201A)

Chapter 203
Northern Bleached Softwood Kraft Pulp – Europe Futures

20300. SCOPE OF CHAPTER

~~This chapter is limited in application to futures trading of Northern Bleached Softwood Kraft Pulp (NBSKP) Europe. The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the Rules of the Exchange.~~

This chapter is limited in application to Northern Bleached Softwood Kraft Pulp-Europe futures. In addition to this chapter, Northern Bleached Softwood Kraft Pulp-Europe futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

20301. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be valued at 20 metric tonnes times the FOEX Indexes Ltd.-PIX NBSKP Europe Index monthly average per tonne.

20302. ~~FUTURES CALL~~TRADING SPECIFICATIONS

20302.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for final settlement in such months as may be determined by the ~~Board of Directors, subject to the requirement that all such determinations be submitted to the Commodity Futures Trading Commission in accordance with the provisions of the Commodity Exchange Act and all applicable regulations thereunder.~~Exchange.

20302.B. Trading Unit

The unit of trading shall be 20 metric tonnes.

20302.C. Price Increments

Minimum price fluctuations shall be in multiples of $.50 per tonne.

20302.D. Daily Price Limits

There shall be no trading at a price more than $50 per tonne above or below the previous day's settlement price, except that there shall be no daily price limits in the expiring month contract ~~during the spot month.~~beginning on the first Business Day of the contract month.

20302.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control more than 1,000 contracts long or short in any contract month.~~

~~For positions involving options on futures, this rule is superseded by the option speculative position limit rule.~~

20302.F. ~~Accumulation of Positions~~[Reserved~~ESERVED~~]

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a~~

~~person or persons have a proprietary or beneficial interest, shall be cumulated.~~

20302.G. ~~Exemptions~~[Reserved~~ESERVED~~]

~~The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of the Commodity Futures Trading Commission and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

20302.H. Termination of Trading

Trading shall terminate on the last Tuesday of the contract month. If that day is not a ~~business day~~Business Day, then trading shall terminate on the preceding ~~business day~~Business Day.

20302.I. [Reserved~~ESERVED~~] ~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that 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 and all open and new contracts shall be subject to such government orders.~~

20303. SETTLEMENT PROCEDURES

20303.A. Final Settlement

There shall be no delivery of NBSKP in settlement of this contract. All contracts open as of the termination of trading shall be cash settled based upon the PIX NBSKP Europe Index monthly average for the calendar month corresponding to the contract month for which trading has terminated.

20303.B.-H. [Reserved]

20304.-07. [RESERVED]

20308. [RESERVED]

(End Chapter 203)

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 203

LIMITATION OF LIABILITY AND DISCLAIMER

FOEX Indexes Ltd. grants the Exchange the rights to use the PIX NBSK Europe Index (Index) in connection with the trading of futures contracts and options on futures contracts based upon such Index. FOEX Indexes Ltd. makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the data in connection with the trading of futures contracts, options on futures contracts or any other use. FOEX Indexes Ltd. makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index. Without limiting any of the foregoing, in no event shall FOEX Indexes Ltd. have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

Chapter 203A
Options on Northern Bleached Softwood Kraft Pulp – Europe Futures

203A00. SCOPE OF CHAPTER

~~This chapter is limited in application to trading in put and call options on the Northern Bleached Softwood Kraft Pulp-Europe futures contract. The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to options on Northern Bleached Softwood Kraft Pulp-Europe futures. In addition to this chapter, options on Northern Bleached Softwood Kraft Pulp-Europe futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

203A01. OPTIONS CHARACTERISTICS

203A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Board of Governors, subject to the requirement that all such determinations be submitted to the Commodity Futures Trading Commission in accordance with the provisions of Section 5a(12) of the Commodity Exchange Act and all Commission regulations thereunder.~~Exchange.

203A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Northern Bleached Softwood Kraft Pulp-Europe futures contract as specified in Chapter 203.

203A01.C. Minimum Fluctuations

The price of an option shall be quoted in dollars per metric tonne. Minimum price fluctuations shall be in multiples of $.50 per tonne. A trade may also occur at a price of $.25 per tonne, whether or not it results in the liquidation of positions for both parties to the trade.

203A01.D. Underlying Futures Contract

The underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in January is the January futures contract.

203A01.E. Exercise Prices

The exercise prices shall be stated in terms of dollars per metric tonne at intervals of $5, e.g., $470, $475, $480, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of $100 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid or offer in the underlying futures contract occurs at, or passes through, an exercise price, put and call option contracts at the next higher (or lower) exercise price in a $100 range shall commence trading on the next trading day. New options may be listed for trading up to and including the termination of trading.

The ~~Board~~Exchange may modify the provisions governing the establishment of exercise prices as it deems appropriate~~, subject to the provisions of Section 5a(12) of the Commodity Exchange Act and CFTC regulations thereunder~~.

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

203A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control a combination of options and underlying futures that exceeds~~

~~1,000 futures equivalent contracts net on the same side of the market in any contract month.~~

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for the purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

203A01.G. ~~Accumulation of Positions~~[Reserved]

~~The positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the position of all accounts in which a person or person have a proprietary or beneficial interest, shall be cumulated.~~

203A01.H. ~~Exemptions~~[Reserved]

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559.A. and shall not apply to other option positions exempted pursuant to Rule 559.~~

203A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract

203A01.J. [Reserved] ~~Contract Modifications~~

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

203A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of Northern Bleached Softwood Kraft Pulp-Europe options.

203A02.A. Exercise of Option by Buyer

An option may be exercised by the buyer on any ~~business day~~Business Day the option is traded. To exercise an option, the clearing member representing the buyer shall present an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7 p.m. on the day of final settlement by the clearing member representing the option buyer, be exercised automatically. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

203A02.B. Assignment

Exercise Notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an Exercise Notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

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

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the T~~t~~rading D~~d~~ay following acceptance by the Clearing House of the Exercise Notice.

203A03. [RESERVED]

(End Chapter 203A)

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 203A

LIMITATION OF LIABILITY AND DISCLAIMER

FOEX Indexes Ltd. grants the Exchange the rights to use the PIX NBSK Europe Index (Index) in connection with the trading of futures contracts and options on futures contracts based upon such Index. FOEX Indexes Ltd. makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the data in connection with the trading of futures contracts, options on futures contracts or any other use. FOEX Indexes Ltd. makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Index. Without limiting any of the foregoing, in no event shall FOEX Indexes Ltd. have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

Chapter 204
U.S. Dollar Cash Settled Crude Palm Oil Futures

20400. SCOPE OF CHAPTER

This chapter is limited in application to U.S. dollar cash settled C~~c~~rude P~~p~~alm O~~o~~il futures. ~~The procedures for trading, clearing and settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~In addition to this chapter, U.S. dollar cash settled Crude Palm Oil futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred herein shall refer to and indicated Chicago time.

20401. CONTRACT SPECIFICATIONS

Each futures contract shall be valued at 25 metric tons times the price of the corresponding CPO contract traded on the ~~Chicago Mercantile~~ Exchange, in US dollars per metric ton, as described in this c~~C~~hapter.

20402. TRADING SPECIFICATIONS~~FUTURES CALL~~

20402.A. Trading Schedule

Futures contract shall be scheduled for trading during such hours and for final settlement in such months as may be determined by the Exchange~~Board of Directors~~.

20402.B. Trading Unit

The unit of trading shall be 25 metric tons of crude palm oil.

20402.C. Price Increments

Minimum price fluctuations shall be in multiples of $0.25 per metric ton ($6.25 per contract).

20402.D. Daily Price Limits

There shall be no trading at a price more than 10% above or below the previous day's settlement price, unless the Bursa Malaysia Derivatives Berhad contract is trading at expanded limits, in which case the same expanded limits shall apply.

20402.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control more than:~~

1. ~~1,000 contracts net long or net short for any contract month.~~
2. ~~500 contracts net long or net short in the expiring contract month as of the close of business on the last business day of the month prior to the expiration month.~~

20402.F. [Reserved]~~Accumulation of Positions~~

~~For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons having a proprietary or beneficial interest, shall be cumulated.~~

20402.G. [Reserved]~~Exemptions~~

~~The foregoing position limits shall not apply to bona fide hedging positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange and shall not apply to other positions exempted pursuant to Rule 559.~~

20402.H. Termination of Trading

Trading shall terminate on the 15th calendar day two months prior to becoming the delivery month. If the 15th calendar day is not a B~~b~~usiness D~~d~~ay, trading shall terminate on the on the preceding calendar day that is also a B~~b~~usiness D~~d~~ay.

20402.I. [Reserved]~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract, except that 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, and all open and new contracts shall be subject to such government orders.~~

20403. SETTLEMENT PROCEDURES

20403.A. Final Settlement

There shall be no delivery of crude palm oil in settlement of this contract. All contracts open as of the termination of trading shall be cash settled to the average price of the corresponding FCPO contract traded on the Bursa Malaysia Derivatives Berhad during the last five T~~t~~rading D~~d~~ays two months prior to becoming the delivery month. For each of the five-day calculation, the daily settlement price will be converted to USD and rounded to the nearest $0.25 using the Association of Banks in Singapore's 11:00 am (Singapore time) ~~–~~MYR spot price. The five daily prices are then averaged to produce the final settlement price.

20404.-08~~7~~. [RESERVED]

~~20408. [RESERVED]~~

Chapter 401
S&P GSCI™ Commodity Index Futures

40100. SCOPE OF CHAPTER

~~This chapter is limited in application to futures trading in the S&P GSCI Commodity Index. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to S&P GSCI Commodity Index futures. In addition to this chapter, S&P GSCI Commodity Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

40101. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be valued at $250.00 times the S&P GSCI Futures Price Index which corresponds to each contract. The S&P GSCI Commodity Index (GSCI) is a world-production-weighted, arithmetic average, of the prices of liquid exchange-traded physical commodity futures contracts which satisfy specified criteria. The S&P GSCI Commodity Index Futures Price Index is calculated as the fair value of the S&P GSCI Commodity Index futures for a specific contract month. The calculation of the futures price index is identical to the calculation of the GSCI, except that the futures price index incorporates no rolling forward of futures contracts and is quoted only until the expiration of the corresponding futures contract. For any January contract, the S&P GSCI Futures Price Index shall be determined using the prior year's index specifications. February through December contracts shall use the current year's specifications. The GSCI calculation and roll procedures are defined in the ~~GSCI Policy Manual~~ S&P GSCI Index Methodology. ~~[1]~~

40102. ~~FUTURES CALL~~TRADING SPECIFICATIONS

40102.A. Trading Schedule~~[2]~~

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the ~~Board of Directors~~ Exchange.

40102.B. Trading Unit

The unit of trading shall be $250.00 times the S&P GSCI Futures Price Index which corresponds to each futures contract. ~~[3]~~

40102.C. Price Increments ~~[4]~~

Bids and offers shall be quoted in terms of the S&P GSCI Futures Price Index which corresponds to each futures contract. The minimum fluctuation of the futures contract shall be .05 index points, equivalent to $12.50 per contract.

40102.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

~~[1] Revised April, 1996 May 1996.~~
~~[2] Revised December 2001.~~
~~[3] Revised May 1996.~~
~~[4] Revised May 1996; May 1999.~~

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

~~A person shall not own or control more than 18,000 contracts net long or net short in all contract months combined. For positions involving options on S&P GSCI Commodity Index Futures, this rule is superseded by the option speculative position limit rule.~~

40102.E. ~~Accumulation of Positions~~[Reserved]

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

40102.F. ~~Exemptions~~[Reserved]

~~The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 559.~~

40102.G. Termination of Trading

Futures trading shall terminate on the eleventh ~~business day~~Business Day of the contract month. [1]

40102.H. [Reserved] ~~Contract Modifications~~

~~Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body 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 open and new contracts shall be subject to such government orders.~~

40102.I. [Reserved]

40103. SETTLEMENT PROCEDURES

Delivery under the S&P GSCI Commodity Index Futures contract shall be by cash settlement.

40103.A. Final Settlement Price [2]

The Final Settlement Price shall be determined on the eleventh ~~business day~~Business Day of the contract month, or, if the S&P GSCI Futures Price Index which corresponds to the expiring contract is not scheduled to be published for that day, on the first preceding day for which the futures price index is scheduled to be published. The Final Settlement Price shall be based on a special quotation of the S&P GSCI Futures Price Index which corresponds to the expiring contract at the close of business on the eleventh ~~business day~~Business Day of the contract month. This special quotation will consist of the S&P GSCI Futures Price Index which corresponds to the expiring contract calculated using the settlement prices of the component futures on that day, except as noted below.

If an exchange that a component or components of the futures price index is trading on is not open on the day of the Final Settlement Price because of a scheduled closing, then the contribution to the Final Settlement Price for the affected component or components shall be based on the settlement quotation of the first preceding ~~trading day~~Trading Day.

If a component contract month's settlement price is limit bid or offer on the settlement day, then that contract's contribution to the S&P GSCI Futures Price Index Final Settlement Price is deferred for up to ten additional ~~business day~~Business Days. If subsequent to the settlement day the component commodity contract originally at limit trades at a price other than a limit bid or offer and settles at a non-limit bid or offer, then the price that shall be used as that contract's contribution to the S&P GSCI Futures Price Index Final Settlement Price shall be a price consistent with the minimum fluctuation for the commodity contract and shall be the settlement price for that day. If in the ten ~~business day~~Business Days subsequent to the settlement day, the component commodity originally at limit fails to trade and settle at a price other than a limit bid or offer, the contract's settlement price on the tenth subsequent ~~business day~~Business Day shall be used as the contract's contribution to the S&P GSCI Futures Price Index Final Settlement Price.

~~[1] Revised May 1996.~~
~~[2] Revised May 1996.~~

If a component contract month's settlement price on the day of regular calculation of the Final Settlement Price is unavailable because of an unanticipated and/or unannounced closure of component contract market, then the price of such component contract to be used in calculating the Final Settlement Price shall be the next available official settlement price.

40103.B. Final Settlement [1]

Clearing members holding open positions in an S&P GSCI Commodity Index futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the Final Settlement Price.

40104. [RESERVED]

40105. - 06. [RESERVED]

(End of Chapter 401)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 401

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the trading of futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Commodity Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Commodity Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Commodity Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

[1] ~~Revised June 1992.~~

Chapter 401A
Options on S&P GSCI™ Commodity Index Futures

401A00. SCOPE OF CHAPTER

~~This chapter is limited in application to trading in put and call options on the S&P GSCI Commodity Index futures contract ("GSCI options"). The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to options on S&P GSCI Commodity Index futures. In addition to this chapter, options on S&P GSCI Commodity Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

401A01. OPTIONS CHARACTERISTICS

401A01.A. Contract Months and Trading Hours

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the ~~Board of Directors~~ Exchange.

401A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one S&P GSCI Commodity Index futures contract as specified in Chapter 401.

401A01.C. Minimum Fluctuations [1]

The price of an option shall be quoted in S&P GSCI Futures Price Index points. Each 0.005 Index point shall represent $1.25. The minimum fluctuation shall be 0.05 Index points representing $12.50 (also known as one tick). Trades may also occur at a price of .025 Index points ($6.25, also known as one-half tick) whether or not such trades result in the liquidation of positions for both parties to the trade.

401A01.D. Underlying Futures Contract [2]

The underlying futures contract is the futures contract for the month in which the option expires. For example, the underlying futures contract for an option that expires in February is the February futures contract.

401A01.E. Exercise Prices [3]

The exercise prices shall be stated in terms of the S&P GSCI Commodity Index futures contract which is deliverable upon exercise of the option. For all contract months, the exercise prices shall be even-numbered integers, e.g., 180, 182, 184, etc. In addition, for the nearest contract month, some exercise prices shall be at odd-number integers, e.g. 180, 181, 182, etc., as is described below.

At the commencement of option trading in a contract month the Exchange shall list all eligible exercise prices in a range of 20 index points above and below the previous day's settlement price of the underlying futures contract. If the previous day's settlement price equals an eligible exercise price, then that exercise price shall be listed also.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through, any exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call options at the next higher (or next lower) exercise price within a 20 index point range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred. New options may be listed for trading up to and including the last day of trading.

[1] ~~Revised December 1992; May 1996; May 1999.~~
[2] ~~Revised December 1992; May 1996.~~
[3] ~~Revised May 1996, December 2001; November 2008.~~

When a contract month becomes the nearest contract month, the Exchange shall add exercise prices at an interval of odd-numbered integers in a range of 12 index points above and below the previous day's settlement price of the underlying futures contract. If the previous day's futures contract equals an eligible odd-numbered exercise price, then that exercise price shall also be listed. Thereafter, when a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through, an odd-numbered exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call options at the next higher (or next lower) exercise price within a 12 index point range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

401A01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~No person shall own or control a combination of options and underlying futures contracts that exceeds 18,000 futures-equivalent contracts net on the same side of the market in all contract months combined.~~

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~

401A01.G. ~~Accumulation of Positions~~[Reserved]

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

401A01.H. ~~Exemptions~~[Reserved]

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

401A01.I. Termination of Trading ~~[1]~~

Options trading shall terminate at the same date and time as the underlying futures contract.

401A01.J. [Reserved] ~~Contract Modification~~

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

401A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of the S&P GSCI Commodity Index options.

401A02.A. Exercise of Option by Buyer ~~[2]~~

An option may be exercised by the buyer on any ~~business day~~Business Day that the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an exercise notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money~~[3]~~ and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m.

~~[1] Revised May 1996.~~
~~[2] Revised June 1996.~~
~~[3] An option is in the money if the settlement price of the underlying futures contract lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put. In the case of an option in the February bi-monthly cycle, the settlement price shall be the Final Settlement Price as determined in Rule 40103.A.~~

on the ~~business day~~Business Day of expiration by the clearing member representing the option buyer, be automatically exercised. An option is in the money if the settlement price of the underlying futures contract at the termination of trading lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

If the Final Settlement Price of the underlying futures contract, as determined in Rule 40103.A, occurs on any day other than the last day of trading, exercise and final settlement of the option will occur on that same day.

Corrections to option exercises may be accepted by the Clearing House after the 7:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final. ~~[1]~~

401A02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

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

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

401A03. [RESERVED]

(End Chapter 401A)

INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 401A

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the trading of futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Commodity Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Commodity Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Commodity Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

~~CLARIFICATION OF NON–AGRICULTURAL OPTION SPECULATIVE POSITION LIMIT RULE~~

~~(Special Executive Report S-1618, March 31, 1986)~~

~~Please note that the non–agricultural option speculative position limit rule, in effect at this time, supersedes the speculative position rule for the underlying futures contract. Therefore, for example, a trader may hold a~~

~~[1] Adopted August 1995.~~

~~gross futures position that exceeds the futures position limit rule if that gross position is part of a spread with options, such that the net position across options and futures is less than the applicable limit set in the options rule.~~

Chapter 415
S&P GSCI™ ER Index Futures

41500. SCOPE OF CHAPTER

~~This chapter is limited in application to futures trading in the S&P GSCI Excess Return Index ("S&P GSCI ER Index" or the "Index"). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

This chapter is limited in application to S&P GSCI ER Index futures. In addition to this chapter, S&P GSCI ER Index futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

41501. ~~COMMODITY~~ CONTRACT SPECIFICATIONS

Each futures contract shall be valued at $100.00 times the S&P GSCI ER Index. The S&P GSCI ER Index is a world-production-weighted, arithmetic average, of the prices of liquid exchange-traded physical commodity futures contracts which satisfy specified criteria. The S&P GSCI ER Index calculation procedures are defined in the ~~GSCI Policy Manual~~ S&P GSCI Index Methodology.

41502. ~~FUTURES CALL~~ TRADING SPECIFICATIONS

41502.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the ~~Board of Directors~~ Exchange.

41502.B. Trading Unit

The unit of trading shall be $100.00 times the S&P GSCI ER Index.

41502.C. Price Increments

Bids and offers shall be quoted in terms of the S&P GSCI ER Index. The minimum fluctuation of the futures contract shall be 0.10 index points, equivalent to $10.00 per contract.

41502.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

~~**A person shall not own or control more than 45,000 contracts net long or net short in all contract months combd.**~~

41502.E. ~~Accumulation of Positions~~[Reserved]

~~For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.~~

41502.F. **~~Exemptions~~[Reserved]**

~~The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 559.~~

41502.G. **Termination of Trading**

Futures trading shall terminate on the eleventh ~~business day~~Business Day of the contract month.

41502.H. **[Reserved] ~~Contract Modifications~~**

~~Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body 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 open and new contracts shall be subject to such government orders.~~

41502.I. **[Reserved]**

41503. SETTLEMENT PROCEDURES

Delivery under the S&P GSCI ER Index futures contract shall be by cash settlement.

41503.A. **Final Settlement Price**

The Final Settlement Price shall be determined on the eleventh ~~business day~~Business Day of the contract month, or, if the S&P GSCI ER Index is not scheduled to be published for that day, on the first preceding day for which the futures price index is scheduled to be published. The Final Settlement Price shall be based on the closing quotation for the S&P GSCI ER Index on the eleventh ~~business day~~Business Day of the contract month calculated using the settlement prices of the component futures on that day, except as noted below.

If an exchange that a component or components of the futures price index is trading on is not open on the day of the Final Settlement Price because of a scheduled closing, then the contribution to the Final Settlement Price for the affected component or components shall be based on the settlement quotation of the first preceding trading day.

If a component contract month's settlement price is limit bid or offer on the settlement day, then that contract's contribution to the S&P GSCI ER Index Final Settlement Price is deferred for up to ten additional ~~business day~~Business Days. If subsequent to the settlement day the component commodity contract originally at limit trades at a price other than a limit bid or offer and settles at a non-limit bid or offer, then the price that shall be used as that contract's contribution to the S&P GSCI ER Index Final Settlement Price shall be a price consistent with the minimum fluctuation for the commodity contract and shall be the settlement price for that day. If in the ten ~~business day~~Business Days subsequent to the settlement day, the component commodity originally at limit fails to trade and settle at a price other than a limit bid or offer, the contract's settlement price on the tenth subsequent ~~business day~~Business Day shall be used as the contract's contribution to the S&P GSCI ER Index Final Settlement Price.

If a component contract month's settlement price on the day of regular calculation of the Final Settlement Price is unavailable because of an unanticipated and/or unannounced closure of component contract market, then the price of such component contract to be used in calculating the Final Settlement Price shall be the next available official settlement price.

41503.B. **Final Settlement**

Clearing members holding open positions in an S&P GSCI ER Index futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the Final Settlement Price.

41504. PERFORMANCE BONDS

Customers purchasing or selling S&P GSCI ER Index futures contracts shall be subject to the performance bond requirements established by the Exchange and their FCMs. However, some market participants purchasing or selling S&P GSCI ER Index futures contracts shall deposit 100% of the purchase or sale price with their long clearing member. Market participants subject to the 100% performance bond requirement shall include any market participant that is (i) an investment company registered under the Investment Company Act of 1940; or (ii) an investment fund, commodity pool, or other similar type of pooled trading vehicle (other than a pension plan or fund) that is offered to the public pursuant to an effective registration statement filed under the Securities Act of 1933, regardless of whether it is also registered under the Investment Company Act of 1940, and that has its principal place of business in the United States.

Each long clearing member carrying S&P GSCI ER Index futures contracts for customers subject to the 100% performance bond requirement ("100% margin participants") shall establish one or more accounts on its books and records in which such clearing member shall hold performance bond received from 100% margin participants in connection with S&P GSCI ER Index futures contracts, together with any settlement variation received by the clearing member with respect to the S&P GSCI ER Index futures contracts of such 100% margin participants. Except as provided in the next paragraph or with the consent of the Clearing House, assets may be withdrawn from such accounts by the clearing member only (i) to be transferred to the Clearing House to satisfy performance bond or settlement variation requirements of the clearing member with respect to S&P GSCI ER Index futures contracts held for 100% margin participants, (ii) in connection with the settlement, liquidation, transfer or close-out of such contracts, and (iii) in the case of income, dividends, interest or returns on investments or instruments held in the accounts.

Each such clearing member hereby agrees that, by carrying accounts of 100% margin participants with positions in S&P GSCI ER Index futures, such clearing member shall be deemed by these rules, and without any further action by such clearing member, to have granted to the Clearing House a security interest in and a lien on such accounts, and all securities, cash and other assets held therein from time to time and, to the extent not included in the foregoing, all proceeds, products, revenues, dividends, interest, redemptions, distributions, profits, accessions, additions, substitutions and replacements of and to any and all of the foregoing, subject to applicable laws and regulations, until withdrawn in accordance with the preceding paragraph ("Account Collateral"), to secure such clearing member's obligations to the Clearing House. Notwithstanding the foregoing, the clearing member shall enter into any agreements and execute any other instruments reasonably requested by the Clearing House in order to confirm or perfect such security interest, provided that it is understood and agreed that no such agreement or instrument shall be necessary in order to create such security interest, which shall exist solely by operation of these rules. If a clearing member is in default to the Clearing House, the clearing member shall take no further actions with respect to the Account Collateral pledged by it except upon the instruction or with the consent of the Clearing House, and the Clearing House shall be entitled to exercise the same rights and remedies with respect to such Account Collateral as it has with respect to performance bond collateral under Rules 802 and 820.

41505. [RESERVED]

(End of Chapter 415)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 415

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the trading of futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Commodity Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Commodity Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Commodity Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P

have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

Chapter 415A
S&P GSCI™ ER Index Swaps (Cleared OTC)

415A00. SCOPE OF CHAPTER

This chapter is limited in application to the clearing of S&P GSCI™ ER Index Swaps (hereafter also referred to as "S&P GSCI™ ER Swaps") where the parties to the transaction are "eligible contract participants" as defined in Section 1a(18) of the Commodity Exchange Act and have obtained the licenses required by Standard & Poor's with respect to such transactions. The identities of all parties to transactions in S&P GSCI™ ER Swaps shall be disclosed on an annual basis by CME to Standard & Poor's for the sole purpose of enabling Standard and Poor's to confirm that the parties have obtained the licenses required by Standard and Poor's. Transactions in S&P GSCI™ ER Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in S&P GSCI™ ER Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

415A01. CONTRACT SPECIFICATIONS

415A01.A. Unit of Clearing

The unit of clearing shall be $100.00 times the S&P GSCI™ ER Index. The S&P GSCI™ ER Index is a world-production-weighted, arithmetic average of the prices of liquid exchange-traded physical commodity futures contracts which satisfy specified criteria. The S&P GSCI™ ER Index calculation procedures are defined in the ~~GSCI™ Policy Manual~~ S&P GSCI™ Index Methodology.

415A01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which S&P GSCI™ ER Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

415A01.C. Minimum Price Increments

Prices shall be quoted in terms of the S&P GSCI™ ER Index. The minimum fluctuation shall be 0.0001 index points, equivalent to $0.01 per contract. Contracts shall not be cleared on any other price basis.

415A01.D. Months Cleared

Clearing of S&P GSCI™ ER Swaps shall be conducted in such months as may be determined by the Exchange.

415A01.E. ~~Position Accountability~~Position Limits, Exemptions, Position Accountability and Reportable Levels

~~Position accountability, as defined in Rule 560, will apply to cleared transactions in S&P GSCI™ ER Swaps.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

415A01.F. Last Day of Clearing

The last day of clearing of S&P GSCI™ ER Swaps shall be the final settlement day as prescribed in Rule 415A05.

415A01.G. [Reserved]

415A02. SETTLEMENT

Settlement against S&P GSCI™ ER Swaps must be made through the Clearing House. Settlement under these rules shall be on the final settlement day (as described in Rule ~~415A~~415A05.) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in an S&P GSCI™ ER Swaps contract at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule ~~415A03~~415A03.).

415A03. FINAL SETTLEMENT PRICE

Final settlement shall be based on the official settlement of the S&P GSCI™ ER Index , subject to adjustment in accordance with the Market Disruption Event provisions as described below. Payment will be on the second ~~business day~~Business Day following the date on which the official settlement of the Index is determined, unless postponed due to a Market Disruption Event.

Market Disruption Event

"Market Disruption Event" ("MDE") shall mean (a) a contract included in the Index remains at a "limit price", which means that the price for such contract for a day has increased or decreased from the previous day's settlement price by the maximum amount permitted under applicable trading facility rules, during the entire closing range, irrespective of whether that contract is settled by the applicable trading facility at the "limit price" or another price, (b) failure by the applicable trading facility or other price source to announce or publish the settlement price for any contract included in the Index, or (c) trading in any contract included in the Index is suspended or interrupted subsequent to the opening of trading and trading in such contract does not recommence at least ten (10) minutes prior to the regular scheduled close of trading in such contract on the relevant trading facility.

If a Market Disruption Event relating to one or more of the contracts underlying the Index (each an "index contract") occurs on any day relevant to calculating the settlement of the contract, the settlement of the contract will be calculated by using a price (i) for each index contract that is not affected by a Market Disruption Event on such date, the settlement price of such index contract on such date and (ii) for each index contract that is affected by a Market Disruption Event on such date, the settlement price of such index contract on the first succeeding ~~trading day~~Trading Day on which no Market Disruption Event is existing with respect to such index contract; provided that, if a Market Disruption Event occurs with respect to such index contract for eight ~~trading day~~Trading Days, the settlement price for such index contract shall be determined by the Exchange notwithstanding that a Market Disruption Event does or does not exist on such following Trading Day for such affected index contract.

Trading Day means a day when:

1) The Index Sponsor is open for business and the Index is calculated and published by the Index Sponsor;
2) All trading facilities on which contracts are traded for the commodities included in the Index are open for trading, provided however that upon a calculation pursuant to sub-clause (ii) of the second paragraph of the section headed "Market Disruption Event" above, only the trading facility on which the relevant index contract that is affected by a Market Disruption Event is traded is required to be open for trading.

Business Day means:

Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York or London.

415A04. [RESERVED]

415A05. ~~-~~FINAL SETTLEMENT DAY

The final settlement day shall be defined as the last ~~business day~~Business Day of the contract month, or if the S&P GSCI™ ER Index is not published for that day, the first preceding ~~business day~~Business Day for which the S&P GSCI™ ER Index was published.

415A06. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

(End of Chapter 415A)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 415A

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the clearing and trading of swaps contracts, futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Commodity Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Commodity Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Commodity Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

CME Chapter 415B
S&P GSCI™ Enhanced ER Index Swaps (Cleared OTC)

415B00. SCOPE OF CHAPTER

This chapter is limited in application to the clearing of S&P GSCI™ Enhanced ER Index Swaps (hereafter also referred to as "S&P GSCI™ Enhanced ER Swaps") where the parties to the transaction are "eligible contract participants" as defined in Section 1a(18) of the Commodity Exchange Act and have obtained the licenses required by Standard & Poor's with respect to such transactions. The identities of all parties to transactions in S&P GSCI™ Enhanced ER Swaps shall be disclosed on an annual basis by CME to Standard & Poor's for the sole purpose of enabling Standard and Poor's to confirm that the parties have obtained the licenses required by Standard and Poor's. Transactions in S&P GSCI™ Enhanced ER Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in S&P GSCI™ Enhanced ER Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

415B01. CONTRACT SPECIFICATIONS

415B01.A. Unit of Clearing

The unit of clearing shall be $100.00 times the S&P GSCI™ Enhanced ER Index. The S&P GSCI™ Enhanced ER Index calculation procedures are defined in the S&P GSCI™ Index Methodology.

415B01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which S&P GSCI™ Enhanced ER Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

415B01.C. Minimum Price Increments

Prices shall be quoted in terms of the S&P GSCI™ Enhanced ER Index. The minimum fluctuation shall be 0.0001 index points, equivalent to $0.01 per contract. Contracts shall not be cleared on any other price basis.

415B01.D. Months Cleared

Clearing of S&P GSCI™ Enhanced ER Swaps shall be conducted in such months as may be determined by the Exchange.

415B01.E. ~~Position Accountability~~ Position Limits, Exemptions, Position Accountability and Reportable Levels

~~Position accountability, as defined in Rule 560, will apply to cleared transactions in S&P GSCI™ ER Swaps.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

415B01.F. Last Day of Clearing

The last day of clearing of S&P GSCI™ Enhanced ER Swaps shall be the final settlement day as prescribed in Rule 415B05.

415B01.G. ~~______~~[Reserved~~-~~]

415B02. SETTLEMENT

Settlement against S&P GSCI™ Enhanced ER Swaps must be made through the Clearing House. Settlement under these rules shall be on the final settlement day (as described in Rule 415B05.) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in an S&P GSCI™ Enhanced ER Swaps contract at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 415B03.).

415B03. FINAL SETTLEMENT PRICE

Final settlement shall be based on the official settlement of the S&P GSCI™ Enhanced ER Index, subject to adjustment in accordance with the Market Disruption Event provisions as described below. Payment will be on the second ~~business day~~Business Day following the date on which the official settlement of the Index is determined, unless postponed due to a Market Disruption Event.

Market Disruption Event

"Market Disruption Event" ("MDE") shall mean (a) a contract included in the Index remains at a "limit price", which means that the price for such contract for a day has increased or decreased from the previous day's settlement price by the maximum amount permitted under applicable trading facility rules, during the entire closing range, irrespective of whether that contract is settled by the applicable trading facility at the "limit price" or another price, (b) failure by the applicable trading facility or other price source to announce or publish the settlement price for any contract included in the Index, or (c) trading in any contract included in the Index is suspended or interrupted subsequent to the opening of trading and trading in such contract does not recommence at least ten (10) minutes prior to the regular scheduled close of trading in such contract on the relevant trading facility.

If a Market Disruption Event relating to one or more of the contracts underlying the Index (each an "index contract") occurs on any day relevant to calculating the settlement of the contract, the settlement of the contract will be calculated by using a price (i) for each index contract that is not affected by a Market Disruption Event on such date, the settlement price of such index contract on such date and (ii) for each index contract that is affected by a Market Disruption Event on such date, the settlement price of such index contract on the first succeeding ~~trading day~~Trading Day on which no Market Disruption Event is existing with respect to such index contract; provided that, if a Market Disruption Event occurs with respect to such index contract for eight ~~trading day~~Trading Days, the settlement price for such index contract shall be determined by the Exchange notwithstanding that a Market Disruption Event does or does not exist on such following Trading Day for such affected index contract.

Trading Day means a day when:

1) The Index Sponsor is open for business and the Index is calculated and published by the Index Sponsor;

2) All trading facilities on which contracts are traded for the commodities included in the Index are open for trading, provided however that upon a calculation pursuant to sub-clause (ii) of the second paragraph of the section headed "Market Disruption Event" above, only the trading facility on which the relevant index contract that is affected by a Market Disruption Event is traded is required to be open for trading.

Business Day means:

Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York or London.

415B04. [RESERVED]

415B05. FINAL SETTLEMENT DAY

The final settlement day shall be defined as the last ~~business day~~Business Day of the contract month, or if the S&P GSCI™ Enhanced ER Index is not published for that day, the first preceding ~~business day~~Business Day for which the S&P GSCI™ Enhanced ER Index was published.

415B06. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

(End of Chapter 415B)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 415B

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the clearing and trading of swaps contracts, futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Commodity Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Commodity Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Commodity Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

Chapter 415C
S&P GSCI™ Gold Excess Return Index Swaps (Cleared OTC)

415C00. SCOPE OF CHAPTER

This chapter is limited in application to the clearing of S&P GSCI™ Gold Excess Return Index Swaps (hereafter also referred to as "S&P GSCI™ Gold Excess Return Swaps") where the parties to the transaction are "eligible contract participants" as defined in Section 1a(18) of the Commodity Exchange Act and have obtained the licenses required by Standard & Poor's with respect to such transactions. The identities of all parties to transactions in S&P GSCI™ Gold Excess Return Swaps shall be disclosed on an annual basis by CME to Standard & Poor's for the sole purpose of enabling Standard and Poor's to confirm that the parties have obtained the licenses required by Standard and Poor's. Transactions in S&P GSCI™ Gold Excess Return Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in S&P GSCI™ Gold Excess Return Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.
For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

415C01. CONTRACT SPECIFICATIONS

415C01.A. Unit of Clearing

The unit of clearing shall be $500 times the S&P GSCI™ Gold Excess Return Index. The S&P GSCI™ Gold Excess Return Index calculation procedures are defined in the ~~GSCI™ Policy Manual.~~ S&P GSCI™ Index Methodology.

415C01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which S&P GSCI™ Gold Excess Return Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

415C01.C. Minimum Price Increments

Prices shall be quoted in terms of the S&P GSCI™ Gold Excess Return Index. The minimum fluctuation shall be 0.0001 index points, equivalent to ~~$0.01~~$0.05 per contract. Contracts shall not be cleared on any other
price basis.

415C01.D. Months Cleared

Clearing of S&P GSCI™ Gold Excess Return Swaps shall be conducted in such months as may be determined by the Exchange.

415C01.E. ~~Position Accountability~~ Position Limits, Exemptions, Position Accountability and Reportable Levels

~~Position accountability, as defined in Rule 560, will apply to cleared transactions in S&P GSCI™ Gold Excess Return Swaps.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

415C01.F. Last Day of Clearing

The last day of clearing of S&P GSCI™ Gold Excess Return Swaps shall be the final settlement day as prescribed in Rule 415C05.

415C01.G. [Reserved]

415C02. SETTLEMENT

Settlement against S&P GSCI™ Gold Excess Return Swaps must be made through the Clearing House. Settlement under these rules shall be on the final settlement day (as described in Rule 415C05.) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in an S&P GSCI™ Gold Excess Return Swaps contract at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 415C03.).

415C03. FINAL SETTLEMENT PRICE

Final settlement shall be based on the official settlement of the S&P GSCI™ Gold Excess Return Index, subject to adjustment in accordance with the Market Disruption Event provisions as described below. Payment will be on the second ~~business day~~Business Day following the date on which the official settlement of the Index is determined, unless postponed due to a Market Disruption Event.

Market Disruption Event

"Market Disruption Event" ("MDE") shall mean (a) a contract included in the Index remains at a "limit price", which means that the price for such contract for a day has increased or decreased from the previous day's settlement price by the maximum amount permitted under applicable trading facility rules, during the entire closing range, irrespective of whether that contract is settled by the applicable trading facility at the "limit price" or another price, (b) failure by the applicable trading facility or other price source to announce or publish the settlement price for any contract included in the Index, or (c) trading in any contract included in the Index is suspended or interrupted subsequent to the opening of trading and trading in such contract does not recommence at least ten (10) minutes prior to the regular scheduled close of trading in such contract on the relevant trading facility.

If a Market Disruption Event relating to one or more of the contracts underlying the Index (each an "index contract") occurs on any day relevant to calculating the settlement of the contract, the settlement of the contract will be calculated by using a price (i) for each index contract that is not affected by a Market Disruption Event on such date, the settlement price of such index contract on such date and (ii) for each index contract that is affected by a Market Disruption Event on such date, the settlement price of such index contract on the first succeeding ~~trading day~~Trading Day on which no Market Disruption Event is existing with respect to such index contract; provided that, if a Market Disruption Event occurs with respect to such index contract for eight ~~trading day~~Trading Days, the settlement price for such index contract shall be determined by the Exchange notwithstanding that a Market Disruption Event does or does not exist on such following Trading Day for such affected index contract.

Trading Day means a day when:

1) The Index Sponsor is open for business and the Index is calculated and published by the Index Sponsor;
2) All trading facilities on which contracts are traded for the commodities included in the Index are open for trading, provided however that upon a calculation pursuant to sub-clause (ii) of the second paragraph of the section headed "Market Disruption Event" above, only the trading facility on which the relevant index contract that is affected by a Market Disruption Event is traded is required to be open for trading.

Business Day means:

Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York or London.

415C04. RESERVED

415C05. FINAL SETTLEMENT DAY

The final settlement day shall be defined as the last ~~business day~~Business Day of the contract month, or if the S&P GSCI™ Gold Excess Return Index is not published for that day, the first preceding ~~business day~~Business Day for which the S&P GSCI™ Gold Excess Return Index was published.

415C06. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

(End of Chapter 415C)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 415C

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the clearing and trading of swaps contracts, futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Commodity Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Commodity Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Commodity Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

Chapter 415D
S&P GSCI™ Crude Oil Excess Return Index Swaps (Cleared OTC)

415D00. SCOPE OF CHAPTER

This chapter is limited in application to the clearing of S&P GSCI™ Crude Oil Excess Return Index Swaps (hereafter also referred to as "S&P GSCI™ Crude Oil Excess Return Swaps") where the parties to the transaction are "eligible contract participants" as defined in Section 1a(18) of the Commodity Exchange Act and have obtained the licenses required by Standard & Poor's with respect to such transactions. The identities of all parties to transactions in S&P GSCI™ Crude Oil Excess Return Swaps shall be disclosed on an annual basis by CME to Standard & Poor's for the sole purpose of enabling Standard and Poor's to confirm that the parties have obtained the licenses required by Standard and Poor's. Transactions in S&P GSCI™ Crude Oil Excess Return Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in S&P GSCI™ Crude Oil Excess Return Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

415D01. CONTRACT SPECIFICATIONS

415D01.A. Unit of Clearing

The unit of clearing shall be $100 times the S&P GSCI™ Crude Oil Excess Return Index. The S&P GSCI™ Crude Oil Excess Return Index calculation procedures are defined in the ~~GSCI™ Policy Manual~~ S&P GSCI™ Index Methodology.

415D01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which S&P GSCI™ Crude Oil Excess Return Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

415D01.C. Minimum Price Increments

Prices shall be quoted in terms of the S&P GSCI™ Crude Oil Excess Return Index. The minimum fluctuation shall be 0.0001 index points, equivalent to $0.01 per contract. Contracts shall not be cleared on any other
price basis.

415D01.D. Months Cleared

Clearing of S&P GSCI™ Crude Oil Excess Return Swaps shall be conducted in such months as may be determined by the Exchange.

415D01.E. ~~Position Accountability~~ Position Limits, Exemptions, Position Accountability and Reportable Levels

~~Position accountability, as defined in Rule 560, will apply to cleared transactions in S&P GSCI™ Crude Oil Excess Return Swaps.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

415D01.F. Last Day of Clearing

The last day of clearing of S&P GSCI™ Crude Oil Excess Return Swaps shall be the final settlement day as prescribed in Rule 415D05.

415D01.G. [Reserved]

415D02. SETTLEMENT

Settlement against S&P GSCI™ Crude Oil Excess Return Swaps must be made through the Clearing House. Settlement under these rules shall be on the final settlement day (as described in Rule 415D05.) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in an S&P GSCI™ Crude Oil Excess Return Swaps contract at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 415D03.).

415D03. FINAL SETTLEMENT PRICE

Final settlement shall be based on the official settlement of the S&P GSCI™ Crude Oil Excess Return Index, subject to adjustment in accordance with the Market Disruption Event provisions as described below. Payment will be on the second ~~business day~~Business Day following the date on which the official settlement of the Index is determined, unless postponed due to a Market Disruption Event.

Market Disruption Event

"Market Disruption Event" ("MDE") shall mean (a) a contract included in the Index remains at a "limit price", which means that the price for such contract for a day has increased or decreased from the previous day's settlement price by the maximum amount permitted under applicable trading facility rules, during the entire closing range, irrespective of whether that contract is settled by the applicable trading facility at the "limit price" or another price, (b) failure by the applicable trading facility or other price source to announce or publish the settlement price for any contract included in the Index, or (c) trading in any contract included in the Index is suspended or interrupted subsequent to the opening of trading and trading in such contract does not recommence at least ten (10) minutes prior to the regular scheduled close of trading in such contract on the relevant trading facility.

If a Market Disruption Event relating to one or more of the contracts underlying the Index (each an "index contract") occurs on any day relevant to calculating the settlement of the contract, the settlement of the contract will be calculated by using a price (i) for each index contract that is not affected by a Market Disruption Event on such date, the settlement price of such index contract on such date and (ii) for each index contract that is affected by a Market Disruption Event on such date, the settlement price of such index contract on the first succeeding ~~trading day~~Trading Day on which no Market Disruption Event is existing with respect to such index contract; provided that, if a Market Disruption Event occurs with respect to such index contract for eight ~~trading day~~Trading Days, the settlement price for such index contract shall be determined by the Exchange notwithstanding that a Market Disruption Event does or does not exist on such following Trading Day for such affected index contract.

Trading Day means a day when:

1) The Index Sponsor is open for business and the Index is calculated and published by the Index Sponsor;
2) All trading facilities on which contracts are traded for the commodities included in the Index are open for trading, provided however that upon a calculation pursuant to sub-clause (ii) of the second paragraph of the section headed "Market Disruption Event" above, only the trading facility on which the relevant index contract that is affected by a Market Disruption Event is traded is required to be open for trading.

Business Day means:

Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York or London.

415D04. [RESERVED]

415D05. ~~-~~FINAL SETTLEMENT DAY

The final settlement day shall be defined as the last ~~business day~~Business Day of the contract month, or if the S&P GSCI™ Crude Oil Excess Return Index is not published for that day, the first preceding ~~business day~~Business Day for which the S&P GSCI™ Crude Oil Excess Return Index was published.

415D06. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

(End of Chapter 415D)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 415D

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the clearing and trading of swaps contracts, futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), does not guarantee the accuracy and/or completeness of the S&P Commodity Indices or any data included therein. S&P makes no warranty, express or implied, as to the results to be obtained by any person or any entity from the use of the S&P Commodity Indices or any data included therein in connection with the trading of futures contracts, options on futures contracts and any other use. S&P makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the S&P Commodity Indices or any data included therein. Without limiting any of the foregoing, in no event shall S&P have any liability for any special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

Chapter 415E
S&P-GSCI™ ER Index 2 Month Forward Swaps (Cleared OTC)

415E00. SCOPE OF CHAPTER

This chapter is limited in application to the clearing of S&P-GSCI™ ER Index 2 Month Forward Swaps (hereafter also referred to as "S&P GSCI™ 2 Month Forward Swaps") where the parties to the transaction are "eligible contract participants" as defined in Section 1a(18) of the Commodity Exchange Act and have obtained the licenses required by Standard & Poor's with respect to such transactions. The identities of all parties to transactions in S&P GSCI™ 2 Month Forward Swaps shall be disclosed on an annual basis by CME to Standard & Poor's for the sole purpose of enabling Standard and Poor's to confirm that the parties have obtained the licenses required by Standard and Poor's. Transactions in S&P GSCI™ 2 Month Forward Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in S&P GSCI™ 2 Month Forward Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

415E01. CONTRACT SPECIFICATIONS

415E01.A. Unit of Clearing

The unit of clearing shall be $100.00 times the S&P-GSCI™ ER Index 2 Month Forward. The S&P GSCI™ ER Index 2 Month Forward calculation procedures are defined in the S&P GSCI™ Index Methodology.

415E01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which S&P GSCI™ 2 Month Forward Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

415E01.C. Minimum Price Increments

Prices shall be quoted in terms of the S&P GSCI™ ER Index 2 Month Forward. The minimum fluctuation shall be 0.0001 index points, equivalent to $0.01 per contract. Contracts shall not be cleared on any other price basis.

~~price basis.~~

415E01.D. Months Cleared

Clearing of S&P GSCI™ 2 Month Forward Swaps shall be conducted in such months as may be determined by the Exchange.

415E01.E. ~~Position Accountability~~ Position Limits, Exemptions, Position Accountability and Reportable Levels

~~Position accountability, as defined in Rule 560, will apply to cleared transactions in S&P GSCI™ 2 Month Forward Swaps.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

415E01.F. Last Day of Clearing

The last day of clearing of S&P GSCI™ 2 Month Forward Swaps shall be the final settlement day as prescribed in Rule 415E05.

415E01.G. [Reserved]

415E02. SETTLEMENT

Settlement against S&P GSCI™ 2 Month Forward Swaps must be made through the Clearing House. Settlement under these rules shall be on the final settlement day (as described in Rule 415E05.) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in an S&P GSCI™ 2 Month Forward Swap contract at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 415E03.).

415E03. FINAL SETTLEMENT PRICE

Final settlement shall be based on the official settlement of the S&P-GSCI™ ER Index 2 Month Forward, subject to adjustment in accordance with the Market Disruption Event provisions as described below. Payment will be on the second ~~business day~~Business Day following the date on which the official settlement of the Index is determined, unless postponed due to a Market Disruption Event.

Market Disruption Event

“Market Disruption Event” (“MDE”) shall mean (a) a contract included in the Index remains at a "limit price", which means that the price for such contract for a day has increased or decreased from the previous day's settlement price by the maximum amount permitted under applicable trading facility rules, during the entire closing range, irrespective of whether that contract is settled by the applicable trading facility at the "limit price" or another price, (b) failure by the applicable trading facility or other price source to announce or publish the settlement price for any contract included in the Index, or (c) trading in any contract included in the Index is suspended or interrupted subsequent to the opening of trading and trading in such contract does not recommence at least ten (10) minutes prior to the regular scheduled close of trading in such contract on the relevant trading facility.

If a Market Disruption Event relating to one or more of the contracts underlying the Index (each an “index contract”) occurs on any day relevant to calculating the settlement of the contract, the settlement of the contract will be calculated by using a price (i) for each index contract that is not affected by a Market Disruption Event on such date, the settlement price of such index contract on such date and (ii) for each index contract that is affected by a Market Disruption Event on such date, the settlement price of such index contract on the first succeeding ~~trading day~~Trading Day on which no Market Disruption Event is existing with respect to such index contract; provided that, if a Market Disruption Event occurs with respect to such index contract for eight ~~trading day~~Trading Days, the settlement price for such index contract shall be determined by the Exchange notwithstanding that a Market Disruption Event does or does not exist on such following Trading Day for such affected index contract.

Trading Day means a day when:

The Index Sponsor is open for business and the Index is calculated and published by the Index Sponsor;

All trading facilities on which contracts are traded for the commodities included in the Index are open for trading, provided however that upon a calculation pursuant to sub-clause (ii) of the second paragraph of the section headed “Market Disruption Event” above, only the trading facility on which the relevant index contract that is affected by a Market Disruption Event is traded is required to be open for trading.

Business Day means:

Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York or London.

415E04. [RESERVED]

415E05. FINAL SETTLEMENT DAY

The final settlement day shall be defined as the last ~~business day~~Business Day of the contract month, or if the S&P-GSCI™ ER Index 2 Month Forward is not published for that day, the first preceding ~~business day~~Business Day for which the S&P-GSCI™ ER Index 2 Month Forward was published.

415E06. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

(End of Chapter 415E)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 415E

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the clearing and trading of forward contracts, swaps contracts, futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

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Chapter 415F
S&P-GSCI™ ER Index 3 Month Forward Swaps (Cleared OTC)

415F00. SCOPE OF CHAPTER

This chapter is limited in application to the clearing of S&P-GSCI™ ER Index 3 Month Forward Swaps (hereafter also referred to as "S&P GSCI™ 3 Month Forward Swaps") where the parties to the transaction are "eligible contract participants" as defined in Section 1a(18) of the Commodity Exchange Act and have obtained the licenses required by Standard & Poor's with respect to such transactions. The identities of all parties to transactions in S&P GSCI™ 3 Month Forward Swaps shall be disclosed on an annual basis by CME to Standard & Poor's for the sole purpose of enabling Standard and Poor's to confirm that the parties have obtained the licenses required by Standard and Poor's. Transactions in S&P GSCI™ 3 Month Forward Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in S&P GSCI™ 3 Month Forward Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

415F01. CONTRACT SPECIFICATIONS

415F01.A. Unit of Clearing

The unit of clearing shall be $100.00 times the S&P-GSCI™ ER Index 3 Month Forward. The S&P GSCI™ ER Index 3 Month Forward calculation procedures are defined in the S&P GSCI™ Index Methodology.

415F01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which S&P GSCI™ 3 Month Forward Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

415F01.C. Minimum Price Increments

Prices shall be quoted in terms of the S&P GSCI™ ER Index 3 Month Forward. The minimum fluctuation shall be 0.0001 index points, equivalent to $0.01 per contract. Contracts shall not be cleared on any other price basis.

415F01.D. Months Cleared

Clearing of S&P GSCI™ 3 Month Forward Swaps shall be conducted in such months as may be determined by the Exchange.

415F01.E. ~~Position Accountability~~ Position Limits, Exemptions, Position Accountability and Reportable Levels

~~Position accountability, as defined in Rule 560, will apply to cleared transactions in S&P GSCI™ 3 Month Forward Swaps.~~

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

415F01.F. Last Day of Clearing

The last day of clearing of S&P GSCI™ 3 Month Forward Swaps shall be the final settlement day as prescribed in Rule 415F05.

415F01.G. [Reserved]

415F02. SETTLEMENT

Settlement against S&P GSCI™ 3 Month Forward Swaps must be made through the Clearing House. Settlement under these rules shall be on the final settlement day (as described in Rule 415F05.) and shall be accomplished by cash settlement as hereinafter provided.

Clearing members holding open positions in an S&P GSCI™ 3 Month Forward Swap contract at the time of termination of clearing shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 415F03.).

415F03. FINAL SETTLEMENT PRICE

Final settlement shall be based on the official settlement of the S&P-GSCI™ ER Index 3 Month Forward, subject to adjustment in accordance with the Market Disruption Event provisions as described below. Payment will be on the second ~~business day~~Business Day following the date on which the official settlement of the Index is determined, unless postponed due to a Market Disruption Event.

Market Disruption Event

"Market Disruption Event" ("MDE") shall mean (a) a contract included in the Index remains at a "limit price", which means that the price for such contract for a day has increased or decreased from the previous day's settlement price by the maximum amount permitted under applicable trading facility rules, during the entire closing range, irrespective of whether that contract is settled by the applicable trading facility at the "limit price" or another price, (b) failure by the applicable trading facility or other price source to announce or publish the settlement price for any contract included in the Index, or (c) trading in any contract included in the Index is suspended or interrupted subsequent to the opening of trading and trading in such contract does not recommence at least ten (10) minutes prior to the regular scheduled close of trading in such contract on the relevant trading facility.

If a Market Disruption Event relating to one or more of the contracts underlying the Index (each an "index contract") occurs on any day relevant to calculating the settlement of the contract, the settlement of the contract will be calculated by using a price (i) for each index contract that is not affected by a Market Disruption Event on such date, the settlement price of such index contract on such date and (ii) for each index contract that is affected by a Market Disruption Event on such date, the settlement price of such index contract on the first succeeding ~~trading day~~Trading Day on which no Market Disruption Event is existing with respect to such index contract; provided that, if a Market Disruption Event occurs with respect to such index contract for eight ~~trading day~~Trading Days, the settlement price for such index contract shall be determined by the Exchange notwithstanding that a Market Disruption Event does or does not exist on such following Trading Day for such affected index contract.

Trading Day means a day when:

The Index Sponsor is open for business and the Index is calculated and published by the Index Sponsor;

All trading facilities on which contracts are traded for the commodities included in the Index are open for trading, provided however that upon a calculation pursuant to sub-clause (ii) of the second paragraph of the section headed "Market Disruption Event" above, only the trading facility on which the relevant index contract that is affected by a Market Disruption Event is traded is required to be open for trading.

Business Day means:

Any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in the City of New York or London.

415F04. [RESERVED]

415F05. FINAL SETTLEMENT DAY

The final settlement day shall be defined as the last ~~business day~~Business Day of the contract month, or if the S&P-GSCI™ ER Index 3 Month Forward is not published for that day, the first preceding ~~business day~~Business Day for which the S&P-GSCI™ ER Index 3 Month Forward was published.

415F06. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

(End of Chapter 415F)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 415F

Standard & Poor's, a division of the McGraw–Hill Companies, Inc. ("S&P"), licenses the Exchange to use various S&P commodity indices ("S&P Commodity Indices") in connection with the clearing and trading of forward contracts, swaps contracts, futures contracts and options on futures contracts based upon such indices. S&P shall have no liability for damages, claims, losses or expenses caused by any errors or delays in calculating or disseminating the S&P Commodity Indices.

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Chapter 60A
Options on Cheese Futures

60A00. SCOPE OF CHAPTER

This chapter is limited in application to ~~trading in put and call~~ options on~~the~~ ~~C~~C~~c~~heese futures ~~contracts~~. In addition to this chapter, ~~transaction in~~ options on Cheese futures shall be subject to the general rules and regulations of the Exchange insofar as applicable. ~~The procedures for trading, clearing, inspection, delivery and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.~~

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

60A01. OPTIONS CHARACTERISTICS

60A01.A. Contract Months

~~and Trading Hours~~

Options contracts shall be listed for such contract months and final settlement in such months as may be determined by the Exchange.

~~, and scheduled for trading during such hours as may be determined by the Board of Directors.~~

60A01.B. Trading Unit

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one Cheese futures contract as specified in Chapter 60.

60A01.C. Minimum Fluctuations

The price of an option shall be quoted in cents per pound. Minimum price fluctuations shall be in multiples of $0.0010 per pound (also known as one tick). A trade may also occur at a price of $0.0005 per pound ($10.00, also known as one-half tick), whether or not it results in the liquidation of positions for both parties to the trade.

60A01.D. ~~[Reserved]~~ Trading Hours

The hours of trading for options on Cheese futures contracts shall be determined by the Exchange. Options on Cheese futures shall be opened and closed for all months and strike prices simultaneously.

60A01.E. Exercise Prices

The exercise prices shall be stated in terms of cents per pound. For all contract months, exercise prices shall be at intervals of $0.025 cents; e.g., $0.025 cents, $0.050 cents, etc.

At the commencement of option trading in a contract month, the Exchange shall list put and call options in a range of $0.60 above and below the previous day's settlement price of the underlying futures contract.

When a sale, bid, offer, or settlement price in the underlying futures contract occurs at, or passes through an exercise price, the Exchange shall list on the next ~~trading day~~Trading Day put and call option contracts at the next higher (or next lower) exercise price within a $0.60 range above (or below) the exercise price at which or through which the underlying futures sale, bid, offer, or settlement price occurred.

New options may be listed for trading up to and including the termination of trading.

The Exchange~~Board~~ may modify the provisions governing the establishment of exercise prices as it deems appropriate. The Exchange may modify the procedure for the introduction of strike prices as it deems appropriate in order to respond to market conditions.

60A01.F.~~H [RESER.~~ Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

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

~~No person shall own or control a combination of options and underlying futures that exceeds:~~

~~1. 1000 futures equivalent contracts net on the same side of the market in any contract month.~~

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

~~For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day~~Business Day~~'s IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.~~**60A01.G. [Reserved]~~Accumulation of Positions.~~**

~~The positions of all accounts owned or controlled by a person or persons acting in concert or in which such person or persons have a proprietary or beneficial interest, shall be cumulated. The Board may impose position limits for any such accounts as it deems appropriate.~~

60A01.H. [Reserved]~~Exemptions.~~

~~The foregoing position limits shall not apply to commercially appropriate risk reducing option positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 559 and shall not apply to other option positions exempted pursuant to Rule 559.~~

60A01.I. Termination of Trading

Options trading shall terminate on the same date and time as the underlying futures contract.

60A01.J. [Reserved]~~Contract Modification~~

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

60A02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7 the following shall apply to the exercise of Cheese options.

60A02.A. Exercise of Option

~~by Buyer~~

The buyer of a Cheese ~~An~~ option may ~~be exercised by the buyer on any business day~~ exercise the option ~~is traded~~ on any ~~business day~~Business Day prior to expiration by ~~. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise N~~giving notice of exercise to the Clearing House by 7:00 p.m., ~~T on the day of exercise.~~ or by such other time designated by the Exchange, on such day.

After the close on the last day of trading all ~~An option that is~~ in-the-money options shall be automatically exercised unless notice to cancel automatic is given to the Clearing House Notice. Notice to cancel automatic exercise shall be given ~~and has not been liquidated or exercised prior to the termination of trading shall, in the absence of contrary instruction delivered~~ to the Clearing House by 7:00 p.m., ~~T~~or by such other time designated by the Exchange, on the last day of trading. ~~on the business day following the expiration by the clearing member representing the option buyer, be exercised automatically.~~

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 ~~p.m~~p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

60A02.B. Assignment

Exercise ~~N~~notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an E~~E~~xercise ~~N~~notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes prior to the opening of trading in the underlying futures contract on the following ~~business day~~Business Day.

The clearing member assigned an Exercise n~~N~~otice shall be assigned a short position in the underlying futures contract if a call ~~was~~ is exercised or a long position in the underlying futures contract if a put ~~was~~ is exercised.

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

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the ~~trading day~~Trading Day of acceptance by the Clearing House of the E~~E~~xercise n~~N~~otice.

60A03. [RESERVED] ~~CORRECTIONS TO OPTIONS EXERCISES~~

~~Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 7:00 p.m. Tdeadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to; (1) a bona fide clerical error, (2) an unreconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.~~

(End Chapter 60A)