

CHAPTER 202 ETHANOL FUTURES

20200. SCOPE OF CHAPTER

This chapter is limited in application to futures trading of ethanol. The procedures for trading, inspection, delivery, clearing and settlement, and any other matters not specifically covered herein shall be governed by the Rules of the Exchange.

20201. COMMODITY SPECIFICATIONS

Each futures contract shall be for 30,000 U.S. gallons of ethanol that meets the requirements of “Standard Specification for Denatured Fuel Ethanol for Blending with Gasolines for Use as Automotive Spark-Ignition Engine Fuel” of the American Society for Testing and Materials in effect at the time of delivery (henceforth ASTM D4806), including “California Ethanol Requirements” in Appendix X2 to ASTM D4806. The volume shall be measured at 60° Fahrenheit using Table 6B of “Petroleum Measurement Tables, Volume Correction Factors -- Volume II” of the American Society for Testing and Materials in effect at the time of delivery (henceforth ASTM D1250).

20202. FUTURES CALL

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.

B. Trading Unit

The unit of trading shall be 30,000 gallons of ethanol.

C. Price Increments

Minimum price fluctuations shall be in multiples of \$.001 per gallon.

D. Daily Price Limits

There shall be no trading at a price more than \$.10 per gallon above or below the previous day’s settlement price, except that there shall be no daily price limit in the contract nearest to expiration during the last five days of trading.

If the contract month nearest to expiration that is subject to a daily price limit settles on the limit bid for three successive days or on the limit offer for three successive days, then

the daily price limit for all contract months subject to a daily price limit shall be raised to \$.20 per gallon on the next business day.

If the daily price limit is \$.20 per gallon and the contract month nearest to expiration that is subject to a daily price limit does not settle on the limit bid or limit offer, without regard to market direction, then the daily price limit for all contract months subject to a daily price limit shall revert to \$.10 on the next business day.

For the purposes of this rule, “contract month nearest to expiration that is subject to a daily price limit” may involve different contract months.

E. Position Limits

No person shall own or control more than:

1. 1,000 contracts long or short in any contract month;
2. 500 contracts long or short in the expiring contract month during the last 15 days of trading;
3. 250 contracts long or short in the expiring contract month during the last 10 days of trading;
4. 100 contracts long or short in the expiring contract month during the last 5 days of trading.

F. 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 proprietary or beneficial interest, shall be cumulated.

G. Exemptions

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 543.

H. Termination of Trading

Trading shall terminate on the last business day of the calendar month prior to the contract month.

I. 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.

20203. SETTLEMENT PROCEDURES

In addition to the procedures and requirements of Chapter 7, the following shall specifically apply to the delivery of ethanol.

A. [Reserved]

B. Notice of Intent to Deliver

Seller shall give Notice of Intent to Deliver to the Clearing House prior to 12:00 noon (Chicago Time) on any business day in the contract month.

C. [Reserved]

D. Seller's Duties

The seller shall follow the buyer's shipping instructions within seven 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 tank cars from Chicago, Illinois to the buyer's destination. 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. The freight rate used shall be the current tariff rate at the time of shipment, including any applicable surcharges noted in the tariff.

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.

If within two 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 certificate of chemical analysis from an independent laboratory noting the properties specified in Rule 20201 and a uniform straight bill of lading (or a copy thereof). The foregoing documents must be received by the Clearing House postmarked within fourteen business days of the date of receipt of shipping instructions.

In addition, within one 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, unit size 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 its duties within the prescribed time, penalties will be assessed by the Clearing House Manager in accordance with the current penalty schedule.

E. Buyer's Duties

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 a wire transfer in an amount equal to 30,000 times the settlement price, in U.S. dollars, on the last day of trading in the contract month.

The buyer shall, within two business days of receipt of the Notice of Intent, submit to the Clearing House shipping instructions, to include consignee, point of destination and routing acceptable to the originating carrier.

F. Payment

Upon seller's fulfillment of the delivery, the Clearing House shall transfer to the seller the amount due based on the actual amount delivered. Any government duties, fees and charges shall be the responsibility of the seller.

20204. PAR DELIVERY AND SUBSTITUTIONS

A. Par Delivery

Delivery shall be made on track via loaded tank car at the shipping origin.

B. Variations in Quantity

Variations in quantity of the delivery unit between 28,500 gallons and 31,500 gallons shall be permitted without penalty, but payment shall be made on the basis of the exact quantity delivered.

C. [Reserved]

D. [Reserved]

20205. WEIGHING, SAMPLING AND CLAIMS

A. Weighing

Weighing shall be made at the shipping origin on certified scales.

B. Sampling and Claims

A sample shall be taken at origin by the seller. A single sample, representative of all shipments that day, may be taken. Seller shall, on the business day after acceptance by the railroad, send the sample to a testing services company designated by the Clearing House via overnight delivery. The sample size, container and shipping package must conform to specifications designated by the Clearing House. The seller must indicate on the container the car number(s) that the sample represents.

If the buyer's analysis of the shipment indicates a quality deficiency, the buyer shall submit an analysis and claim in writing to the seller and the Clearing House within 45 calendar days after acceptance by the railroad. In the event that the buyer and seller do not reach agreement on analysis and/or settlement, the sample held for the Clearing House shall be analyzed with results binding on both parties. The expense of the analysis shall be borne by the party in error.

20206. [RESERVED]

20207. ASSOCIATED COSTS

The costs of all loading, documentation and related services up to the date of shipment shall be borne by the seller. The costs of any demurrage as a result of the procedures in Rule 20205.B shall be borne by the party in error.

Except as noted above, the seller shall assume demurrage charges up to the date of shipment and the buyer shall be responsible for any demurrage after shipment. 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.

20208. EMERGENCIES, ACTS OF GOD, ACTS OF GOVERNMENT

If the Exchange President determines that an emergency exists or that physical delivery is prevented by a strike, fire, accident, action of government, or act of God, he shall call a special meeting of the Board of Directors or the Business Conduct Committee and arrange for the presentation of evidence respecting the emergency condition. If the Board or Committee determines that an emergency exists, it shall take such action as it deems necessary under the circumstances and its decision shall be binding upon all parties to the contract.

PENALTIES AND FINES

<u>Cause</u>	<u>Penalty / Fine</u>
A. Failure by the seller to properly follow shipping instructions within seven business days after receipt of instructions.	\$200 per business day (assessed against the seller and payable to buyer).
B. Failure by the seller to properly transmit the required information within one business day of railroad acceptance. (Independent of A.)	\$100 per business day (assessed against the seller and payable to buyer).
C. Failure by the seller to send the prescribed documents to the Clearing House within fourteen business days of receipt of buyer's shipping instructions.	\$100 per 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).
E. Failure by the seller to send the sample (in the size, container and package specified by the Clearing House) to the testing service on the business day after acceptance by the railroad	\$100 per business day per sample (assessed against the seller and payable to the Clearing House).

(End Chapter 202)