

## **Chapter 10E**

### **DTN Eastern South Dakota Corn Basis Swaps (Clearing Only)**

#### **10E00. SCOPE OF CHAPTER**

This chapter is limited in application to the clearing of DTN Eastern South Dakota Corn Basis Swaps, where the parties to the transaction are “Eligible Swap Participants” as defined in Commodity Futures Trading Commission Regulation 35.1(b)(2). Transactions in DTN Eastern South Dakota Corn Basis Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in DTN Eastern South Dakota Corn Basis Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

#### **10E01. CONTRACT SPECIFICATIONS**

##### **10E01.A. Unit of Clearing**

The unit of clearing shall be 5,000 bushels.

##### **10E01.B. Hours for Clearing Entry**

The Exchange shall determine the hours during which DTN Eastern South Dakota Corn Basis Swaps may be submitted to the Clearing House.

Positions shall be initiated or closed out using off-exchange transactions.

##### **10E01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one quarter of one cent (\$0.0025) per bushel which shall equal \$12.50 per contract. Contracts shall not be made on any other price basis.

##### **10E01.D. Months Cleared**

Clearing of DTN Eastern South Dakota Corn Basis Swaps is regularly conducted in all twelve months, but shall be permitted in the current delivery month plus any succeeding months. The number of months in which clearing may occur at one time shall be at the discretion of the Exchange. The Corn futures contract corresponding to each DTN Eastern South Dakota Corn Basis Swap shall be the futures contract closest to the basis swap expiration.

##### **10E01.E. Position Limits**

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

1. 13,500 contracts net long or net short in any single contract month.
2. 22,000 contracts net long or net short in all months combined.

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

##### **10E01.F. Last Day of Clearing**

The last day of clearing of DTN Eastern South Dakota Corn Basis Swaps deliverable in the current delivery month shall be two business days prior to the first calendar day of the delivery month.

##### **10E01.G. Liquidation during the Delivery Month**

After clearing of DTN Eastern South Dakota Corn Basis Swaps in the current delivery month has ceased, in accordance with Rule 10E01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 10E02.

#### **10E02. DELIVERY**

Delivery against DTN Eastern South Dakota Corn Basis Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule 10E05.) and shall be accomplished by cash settlement.

Clearing members holding open positions in DTN Eastern South Dakota Corn Basis Swaps 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 10E03.).

**10E03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST FIVE DAYS OF CLEARING**

The final settlement price shall be determined over the last five clearing days. Final settlement shall be the average of the daily DTN Eastern South Dakota corn cash price index minus the settlement price of the corresponding CBOT Corn futures contract over the last five clearing days.

For example, final settlement for a July DTN Eastern South Dakota Corn Basis Swap would be the average of daily DTN Eastern South Dakota corn cash price indexes minus the daily July Corn futures contract settlement prices over the final five days of clearing, including the last clearing day (as defined in Rule 10E01.F.).

Daily settlement during the last five days of clearing shall be the cumulative average of the difference between the DTN Eastern South Dakota corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract over the last five clearing days.

The DTN Eastern South Dakota corn cash price index shall be constructed from elevator bids in the following counties: Beadle, Bon Homme, Brookings, Brown, Clark, Clay, Codington, Davison, Day, Deuel, Douglas, Grant, Hamlin, Hanson, Hutchinson, Kingsbury, Lake, Lincoln, Marshall, McCook, Miner, Minnehaha, Moody, Roberts, Sanborn, Spink, Turner, Union, Yankton.

**10E04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day (as described in Rule 10E05.) or during the last five days of clearing shall be the preliminary DTN Eastern South Dakota corn cash price index minus the settlement value of the corresponding CBOT Corn futures contract on that day. The Exchange reserves the right to model and/or collect additional cash market data to adjust settlements of longer dated basis swaps.

If the corn cash price index is not published on a particular clearing day, settlement on that day shall revert back to the settlement price on the first preceding business day.

**10E05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the first business day following the last clearing day (as defined in Rule 10E01.F.).

**10E06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.