

Chapter 41 Distillers' Dried Grain Futures

41100. SCOPE OF CHAPTER

This chapter is limited in application to Distillers' Dried Grain futures. The procedures for trading, clearing, inspection, delivery and settlement not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

41101. CONTRACT SPECIFICATIONS

The contract grade for delivery on futures contracts made under these Rules shall be Corn Distillers' Dried Grains with Solubles in bulk which conforms to the following specifications:

Distillers' Grains with the following specifications:

Protein	minimum 26%
Fat	minimum 8%
Fiber	maximum 12%
Moisture	maximum 11.5%

Standard testing methods shall be:

Dry Matter: NFTA 2.2.2.5 (105 °C / 3hr)

Crude Protein: AOAC 990.03 or AOAC 2001.11

Crude Fat: AOAC 945.16

Crude Fiber: AOAC 978.10

or other methods acceptable to both certificate holder and regular facility.

A taker of delivery of distillers' grains shall have the option to request in writing load-out of distillers' grains that contain no more than 5 (five) parts per million of deoxynivalenol (vomitoxin). At the takers expense, a determination of the level of vomitoxin shall be made at the point of load-out by the Federal Grain Inspection Service or by a third party inspection service that is mutually agreeable to the maker and taker of delivery.

41102. TRADING SPECIFICATIONS

Trading in Distillers' Dried Grain futures is regularly conducted in all calendar months. The number of months open for trading at a given time shall be determined by the Exchange.

41102.A. Trading Schedule

The hours for trading of Distillers' Dried Grain futures shall be determined by the Exchange.

On the last day of trading in an expiring future, the close of the expiring future shall be at 12 o'clock noon Chicago time.

41102.B. Trading Unit

The unit of trading for Distillers' Dried Grain futures shall be 100 tons (2,000 pounds per ton).

41102.C. Price Increments

The minimum fluctuation for Distillers' Dried Grain futures shall be ten cents (\$.10) per ton (\$10.00 per contract), including spreads.

41102.D. Daily Price Limits

There shall be no trading in Distillers' Dried Grain futures at a price more than \$20 per unit of trading (\$2,000 per contract) above or below the previous day's settlement price. Should two or more distillers' dried grain futures contract months within the first five listed non-spot contracts settle at the daily price limit, the daily price limits for all contract months shall increase to \$30 per unit of trading the next business day. Should two or more distillers' dried grain futures contract months within the first five listed non-spot contracts settle at the daily price limit while price limits are \$30 per unit of trading, daily price limits for all contract months shall increase to \$45 per unit of trading the next business day. If price limits are \$45 per unit of trading and no distillers' dried grain futures contract month settles at the daily price limit, daily price limits for all contract months shall revert back to \$30 per unit of trading the next business day. If price limits are \$30 per unit of trading and no distillers' dried grain futures contract month settles at the daily price limit, daily price limits for all contract months shall revert back to \$20 per unit of trading the next business day.

There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month.

41102.E. Position Limits

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

1. 200 contracts net long or net short in the spot month.
2. 1,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month. Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit.
3. 1,000 futures-equivalent contracts net long or net short in all months combined.
4. **Limit on Holdings of Registered and Outstanding Shipping Certificates** – No person, at any time, shall own or control more than 200 registered and outstanding Distillers' Dried Grain Shipping Certificates issued by facilities designated by the Exchange as regular to issue shipping certificates for Distillers' Dried Grains.

If a person stops Distillers' Dried Grain certificates for delivery in a quantity that would cause such person to exceed the 200 certificate limit, the person must cancel, retender or sell the quantity of certificates in excess of 200 not later than the following business day.

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.

41102.F. Termination of Trading

No trades in Distillers' Dried Grain futures deliverable in the current month shall be made after the business day preceding the 15th calendar day of that month. Any contracts remaining open after the last day of trading must be either:

- (a) Settled by delivery no later than the second business day following the last trading day (tender on business day prior to delivery).
- (b) Liquidated by means of a bona fide Exchange of Futures for Related Position no later than the business day following the last trading day.

41103. WEIGHING

Weighing shall be done in accordance with the current custom of the trade. The first certified weight so obtained shall be final provided, however, that railroad weights shall be acceptable and shall be final if the shipping certificate holder and the regular facility so agree in writing.

41104. OFFICIAL CHEMISTS

An official Chemist shall be any chemist approved by both the shipping certificate holder and the regular facility. Should both parties be unable to agree on an official Chemist, the Exchange shall designate. Certificates of quality analysis by an official Chemist shall be binding on all parties.

41105. SAMPLING

The representative sample will be taken at origin by Automatic Mechanical Sampler (A.O.C.S. Official Method BA 1-38, Rev. 1966) or Pneumatic Probe Sampler (A.O.C.S. Official Method BA 1-38, Rev. 1966) or twelve foot Brass Hand Probe. Shipper shall, on the next business day after loading, mail a portion of the representative sample in an airtight container properly identified to the owner at an address specified by the owner when he submits loading orders.

Any shipment testing 12% moisture or less based on the regular facility's representative sample at origin shall not be subject to rejection. Non-rejected shipments or when the owner's analysis of the representative sample exceeds 12% moisture, excess moisture claims between the parties may be settled with the shipment discounted 0.1% of the invoice price for each 0.1% moisture in excess of 11.5% from 11.5% to 12.5% and 0.25% of the invoice price for each 0.1% moisture in excess of 12.5%.

Any shipment testing 12.3% fiber or less based on the regular facility's representative sample at origin shall not be subject to rejection. Non-rejected shipments or when the owner's analysis of the

representative sample exceeds 12.3% fiber, excess fiber claims between the parties may be settled with the shipment discounted 0.1% of the invoice price for each 0.1% fiber in excess of 12.0%.

Any shipment testing 7.8% fat or more on the regular facility's representative sample at origin shall not be subject to rejection. Non-rejected shipments or when the owner's analysis of the representative sample falls below 7.8% fat, deficient fat claims between the parties may be settled with the shipment discounted 0.1% of the invoice price for each 0.1% fat is below 8%.

Any shipment testing 25.5% protein or more on the regular facility's representative sample at origin shall not be subject to rejection. Non-rejected shipments or when the owner's analysis of the representative sample falls below 25.5% protein, deficient protein claims between the parties may be settled with the shipment discounted 0.1% of the invoice price for each 0.1% protein is below 26%.

If the owner's analysis of the representative sample indicates a quality deficiency, the owner shall submit his analysis and claim in writing to the shipper within 10 days after arrival of the car. The shipper shall, within five (5) business days, after receipt of the owner's analysis and claim, report his analysis of the representative sample to the owner. In the event that the owner and the shipper do not reach agreement on analysis and/or settlement, the third portion of the representative sample shall be sent to an Official Chemist and his analysis will be binding upon both parties for final settlement. The expense of the analysis will be borne by the party in error.

If the owner and the shipper cannot agree that the representative sample is representative of the shipment, a representative sample shall be obtained at destination by a disinterested qualified person mutually agreed upon by the owner and shipper. Such destination sample must be obtained within 24 hours of arrival and prior to unloading. "Constructive placement" shall be considered arrival at destination. The official procedure for sampling at destination shall be Automatic Mechanical Sampler (A.O.C.S. Official Method BA 1-38, Rev. 1966), or Pneumatic Probe Sampler. (A.O.C.S. Method BA 1-38, Rev. 1966), or, if neither Automatic Mechanical Sampling nor Pneumatic Probe Sampling is available, a twelve foot Brass Hand Probe and the sample shall be submitted to an Official Chemist. The results of the analysis of the destination sample shall be binding on both parties for final settlement. The expense of such sampling and analysis shall be borne by the owner if the owner insists on destination sampling and analysis unless the shipper has failed to take a representative sample at origin, in which event, the expense of taking and analyzing the destination sample shall be borne by the shipper.

41106. SHIPPING PLANTS

Distillers' Dried Grains Shipping Certificates shall specify shipment from one of the plants currently regular for delivery.

The Exchange may declare additional shipping plants regular for delivery which shall apply on all contracts outstanding or made thereafter.

41107. REGISTRATION AND DELIVERY OF DISTILLERS' DRIED GRAIN SHIPPING CERTIFICATES AND DELIVERY PAYMENT

41107.A. Registration and Delivery of Distillers' Dried Grain Shipping Certificates

(Refer to Rule 712., Delivery and Registration, and Rule 713., Delivery Procedures.)

41107.B. Delivery Payment

Delivery Payment shall be made utilizing the electronic delivery system via the Clearing House's online system. Delivery Payment will be made during the 6:45 a.m. collection cycle, or such other time designated by the Clearing House. Thus, the cost of delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make Delivery Payment and sellers obligated to make delivery must make delivery during the 6:45 a.m. settlement process, or such other time designated by the Clearing House, on the day of delivery, except on banking holidays when delivery must be taken or made and Delivery Payment made during the 6:45 a.m. settlement process, or such other time designated by the Clearing House, on the next banking business day. Adjustments for differences between contract prices and delivery prices established by the Clearing House shall be made with the Clearing House in accordance with its rules, policies and procedures.

41108. PREMIUM CHARGES

No Distillers' Dried Grain Shipping Certificates shall be valid for delivery on futures contracts unless the premium charges shall have been paid up to and including the 18th day of the preceding month

and such payment endorsed on the Distillers' Dried Grain Shipping Certificate unless registration is at a later date. Unpaid accumulated premium charges shall be allowed and credited to the Buyer by the Seller to and including the date of delivery.

The premium charges on Distillers' Dried Grains for delivery shall not exceed 8 cents per ton per day.

41109. REGULARITY OF WAREHOUSES AND ISSUERS OF SHIPPING CERTIFICATES

41109.A. Regularity Requirements

In addition to the conditions set forth in Rule 703.A., Conditions for Approval, the following shall constitute the minimum requirements and conditions of regularity for Distillers' Dried Grain shipping plants:

1. Such shipping plant shall be connected by railroad tracks with one or more railway lines.
2. Such shipping plant shall be provided with standard equipment and appliances for the convenient and expeditious shipping of distillers' grains in bulk in the conveyances for which the plant is registered with the Exchange according to Rule 41109.B.
3. The plant must not have been continuously out of operation for the two consecutive years prior to application for regularity or renewal thereof.

41109.B. Loading and Shipment of Distillers' Grains Against Distillers' Dried Grain Shipping Certificates

- (a) The operator of a shipping plant issuing Distillers' Dried Grain Shipping Certificates shall limit the number of Shipping Certificates issued to an amount not in excess of 15 times its registered total daily rate of loading plus the amount of distillers' grains in store (not limited to distillers' grains meeting minimum contract standards). All such distillers' grains in store must be stored in facilities for which the capacity has been registered and which have been inspected by the Registrar. The shipper shall register his total daily rate of loading covered hopper cars at not less than 40% nor more than 100% of his maximum 24 hour Distillers' Grain production capacity. Each plant must be regular for a minimum total daily rate of loading of 200 tons per day.
- (b) Each regular plant shall be required to complete load-out of distillers' grains against cancelled Shipping Certificates within fifteen calendar days following the date of cancellation. The date of completed load-out shall be the bill of lading date.
- (c) The shipper shall assess a premium charge of 8 cents per ton per calendar day for each day a Distillers' Dried Grain Shipping Certificate is outstanding starting the day after the date of registration by the Registrar. When rail loading orders specify shipment within fifteen calendar days, the premium charge shall continue through the business day following the receipt of loading orders. Otherwise, the premium charge shall continue through the day of rail loading. "Business days" are those on which the Exchange is open for trading Distillers' Dried Grain.
- (d) The shipper shall maintain, in the immediate vicinity of the Exchange, either an office, or a duly authorized representative or agent approved by the Exchange, where owners of Shipping Certificates may pay premium charges and file loading orders and shipping instructions.
- (e) Rail Loading Procedures
 1. The buyer requesting rail load-out will furnish written rail loading orders and shipping instructions to the shipper by the close of business on the first business day following the date of cancellation of the Shipping Certificates. The shipper is responsible for providing railcars, loading distillers' grains into the railcars, and transporting the distillers' grains to the location specified by the buyer within the contiguous United States. Each regular facility will be associated with a particular rail junction with regular facilities east of the Mississippi associated with Chicago and regular facilities west of the Mississippi associated with Council Bluffs. The buyer shall pay the shipper the public tariff rate plus any fuel surcharges for distillers' dried grains from the regular facility's associated rail junction to the buyer's destination.
 2. A regular shipper may provide product meeting specifications from another facility provided the buyer is not adversely affected with regard to timing or quality. All rules specified herein apply to all load-outs including load-outs from alternative origins.

The regular shipper is responsible for load-outs and delivery consistent with these rules even when the origin is different from the regular facility.

3. The shipper is responsible for all transportation costs up to 48 hours after the constructive placement of railcars at the buyer's destination. The buyer is responsible for any unloading charges and for any demurrage charges 48 hours after constructive placement. All demurrage charges must be substantiated with a citation of car numbers loaded against cancelled Shipping Certificates with tariff demurrage rates to apply.
4. Loadings will be in bulk, and shipments will be subject to the existing freight tariff Rules and Regulations of the railroads on file with the Interstate Commerce Commission at the time of loading. The shipper is responsible for loading suitable owned or leased railcars.
5. All loading orders and shipping instructions received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day.
6. When rail loading orders and shipping instructions are received by 2:00 p.m. of any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of loading dates and tonnage due. Notification will be by telephone, fax or email.
7. The shipper shall load cars at the shipping plant designated in the Shipping Certificate. If it becomes impossible to load at the designated shipping plant because of an Act of God, fire, flood, wind, explosion, war, embargo, civil commotion, sabotage, law, act of government, labor difficulties or unavoidable mechanical breakdown or other force majeure, the shipper will arrange for covered hopper cars to be loaded at another regular shipping plant in conformance with the Shipping Certificate. If the aforementioned condition of impossibility prevails at a majority of regular shipping plants, then shipment may be delayed for the number of days that such impossibility prevails at a majority of regular shipping plants.
8. Rail loading orders involving one or more Shipping Certificates shall be considered as one lot. The minimum amount shipped against each loading order shall be the number of Shipping Certificates specified therein times 100 tons. A tolerance of 6 tons under or over the total may be shipped to be settled at the market value, expressed as a basis, for distillers' dried grains FOB at the facility at the time of loading of the last car of the order. Before rail cars are loaded, the taker and maker of delivery shall agree on a basis over or under the nearby futures at which overfills and underfills will be settled. On the day that the weight tolerance becomes known to both parties, the flat price settlement will be established by applying the basis to the nearby futures month settlement price on the day of loading. If the day of loading is the last trading day in the nearby futures month, the next following futures month will be used for settlement. If the day of loading is not a business day, the next following business day will be used to establish the flat price. In order to convert the agreed upon basis on the day that the grain was loaded to a basis relative to the current nearby futures month, the futures spread on the day of loading will be used, provided that, the nearby futures did not close outside of the price limits for all other futures months. In this case, the spread on the first following business day that the nearby futures closed within the price limits applicable for all other futures months would be used.

41110. BILLING

41110.A. Payment of Fees

All outloading fees, including weighing, to load distillers' grains into the railroad car, are to be paid by the issuer of the Distillers' Dried Grains Shipping Certificate.