

Chapter 16C

Denatured Fuel Ethanol Forward Month Swaps (Clearing Only)

16C00. SCOPE OF CHAPTER¹

This chapter is limited in application to the clearing of Denatured Fuel Ethanol Forward Month Swaps, where the parties to the transaction are “eligible contract participants” as defined in Section 1a(12) of the Commodity Exchange Act. Transactions in Denatured Fuel Ethanol Forward Month Swaps shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Denatured Fuel Ethanol Forward Month Swaps shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

16C01. CONTRACT SPECIFICATIONS

16C01.A. Unit of Clearing

The unit of clearing shall be 14,500 gallons of Denatured Fuel Ethanol.

16C01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which Denatured Fuel Ethanol Forward Month Swaps may be submitted to the Clearing House.

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

16C01.C. Minimum Price Increments

Minimum price fluctuations shall be in multiples of one hundredth of one cent (\$0.0001) per gallon which shall equal \$1.45 per contract. Contracts shall not be made on any other price basis.

16C01.D. Months Cleared

Clearing of Denatured Fuel Ethanol Forward Month Swaps is regularly conducted in all twelve months, but shall be permitted in the current delivery month and any succeeding months. The number of months in which clearing may occur shall be at the discretion of the Exchange.

16C01.E. Position Accountability²

Position accountability, as defined in Rule 560, will apply to trading in Denatured Fuel Ethanol Forward Month Swaps.

16C01.F. Last Day of Clearing

The last day of clearing of Denatured Fuel Ethanol Forward Month Swaps deliverable in the current delivery month shall be the final settlement day as prescribed in Rule 16C05.

16C01.G. Liquidation during the Delivery Month

After clearing of Denatured Fuel Ethanol Forward Month Swaps in the current delivery month has ceased, in accordance with Rule 16C01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 16C02.

16C02. DELIVERY

Delivery against Denatured Fuel Ethanol Forward Month Swaps must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule 16C05) and shall be accomplished by cash settlement.

Clearing members holding open positions in Denatured Fuel Ethanol Forward Month 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 16C03.).

16C03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST MONTH OF TRADING³

The final settlement price shall be determined on the final settlement day. The final settlement

¹ Revised May 2008.

² Revised May 2008.

³ Revised October 2010.

price shall be the cumulative average of the settlement prices for the Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month Swap contract month for each clearing day in the Denatured Fuel Ethanol Forward Month Swap contract month.

For example, final settlement for a May Denatured Fuel Ethanol Forward Month Swap would be the cumulative average of the daily settlement prices for the June Denatured Fuel Ethanol futures contract during the month of May.

Daily settlement during the last month of clearing shall be the cumulative average of each settlement price of the corresponding CBOT Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month Swap contract month weighting the current day's settlement price across each remaining clearing day.

For example, the calculation of the daily settlement price for a May Denatured Fuel Ethanol Forward Month Swap on the third business day in May in a May with 20 clearing days and with respective settlement prices for the corresponding June Denatured Fuel Ethanol futures at \$2.00, \$2.10, and \$2.20 per gallon would weight the average of \$2.00 and \$2.10 (\$2.05) at 2/20ths and weight the current day's settlement of \$2.20 at 18/20ths. In this example, settlement on the third day of clearing in the final month of clearing would be \$2.185 per bushel.

16C04. DAILY SETTLEMENT PRICE

Daily settlement other than settlement on the final settlement day (as described in Rule 16C05.) or during the last month of clearing shall be the settlement price for the CBOT Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month Swap contract month on that day.

16C05. FINAL SETTLEMENT DAY

The final settlement day shall be defined as the last business day of the contract month.

16C06. DISPUTES

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