

Chapter 367 Rogers International CommoditySM TRAKRSSM Futures

36700. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in Rogers International CommoditiesSM TRAKRSSM ("Rogers TRAKRS"). The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

36701. COMMODITY SPECIFICATIONS

36701.A. Contract Value

One Rogers TRAKRS futures contract shall be based upon the Rogers TRAKRS Index (the "Index"). The Index shall be equal to the product of the Rogers International Commodity Index^R (the "RICI") and the Multiplier, plus the Amortizing Spread as defined herein. The RICI is a composite, U.S. dollar-based, total return index which represents the value of a basket of commodities consumed in the global economy.

36701.B. Initial Index Value

The Initial Value of the Index shall be equal to 25.00, as set on November 3, 2005.

36701.C. Final Settlement Price

The Final Settlement Price shall be determined on October 26, 2010 (the "Final Settlement Date"), or, if the RICI is not scheduled to be published for that day, on the first preceding trading day for which the RICI is scheduled to be published. The Final Settlement Price shall be based on the product of: (i) the Multiplier; and (ii) a special quotation of the RICI 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 RICI is trading on is not open on the Final Settlement Date 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 Final Settlement Price is deferred for up to ten additional business days. If subsequent to the Final Settlement Date 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 Final Settlement Price shall be the settlement price for that day. If in the ten 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 shall be used as the contract's contribution to the Final Settlement Price.

If a component contract month's settlement price on the Final Settlement Date 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.

36701.D. Multiplier

The Calculation Agent will identify a multiplier (the "Multiplier") so that the product of the closing price of the RICI on November 3, 2005 multiplied by the Multiplier will equal 24.25. The Calculation Agent will reduce the value of the Multiplier on a daily basis to reflect an adjustment factor equal to 1.95% per annum (the "Adjustment Factor"). The application of the Adjustment Factor will decrease the Multiplier over time, which will reduce the value of the Index at maturity.

If, on November 3, 2005, an exchange where one or more RICI components trades is closed, then for purposes of identifying the Multiplier, the Calculation Agent will use the next available official settlement price of affected RICI components.

If, on November 3, 2005, one or more of the settlement prices of the futures contracts included in the RICI is subject to a limit bid or offer, then that contract's contribution to the calculation of the initial value of the Multiplier will be deferred for up to ten additional Business Days.

If subsequent to November 3, 2005, the futures 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 will be used as that

futures contract's contribution to the calculation of the initial value of the Multiplier will be the settlement price for that day.

If in the ten Business Days subsequent to November 3, 2005, the component commodity originally at limit fails to trade and settle at a price other than a limit bid or offer, the futures contract's settlement price on the tenth subsequent Business Day shall be used as the contract's contribution to the calculation of the initial value of the Multiplier.

36702. FUTURES CALL

36702.A. Schedule

The Exchange shall list a single contract month in Rogers TRAKRS futures. The Final Settlement Date shall be October 26, 2010.

36702.B. Trading Unit

One Rogers TRAKRS futures contract shall be based upon the Rogers TRAKRS Index (the "Index").

36702.C. Minimum Increments

Bids and offers shall be quoted in terms of the Rogers TRAKRS Index. The minimum fluctuation of the futures contract shall be 0.01 index point, equivalent to \$0.01 per TRAKRS futures contract.

36702.D. Position Limits

A person shall not own or control more than 22,000,000 contracts net long or net short.

36702.E. 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.

36702.F. Exemptions

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, and (3) cash-substitute positions described in Rule 36706.

36702.G. Termination of Trading

Futures trading shall terminate at 9:00 a.m. (Chicago time) on the day of determination of the Final Settlement Price.

36702.H. 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.

36702.I.-J. [Reserved]

36702.K. Special Opening Procedures

Special Opening Procedures shall be employed to facilitate an orderly market in Rogers International Commodity Index Futures contracts. These Special Opening Procedures shall be conducted during a Special Marketing Period. This Special Marketing Period shall commence on September 9, 2005 and shall conclude at 1:00 p.m. (Chicago time) on November 2, 2005.

During the Special Marketing Period, FCMs and notice-registered BDs per Rule 36704.B. may solicit customer orders to buy or sell Rogers TRAKRS contracts at a specified limit bid price or limit offer price, respectively. Clearing Members shall report their limit buy and limit sell orders to the Exchange in a manner and format specified by the Exchange by 1:00 p.m. (Chicago time) on November 2, 2005.

Once all orders to buy and sell have been reported to the Exchange, Merrill Lynch, in its capacity as Exchange-appointed Market Maker, will be notified promptly by the Exchange of any offer prices and size of such offers made by any other sellers at a price less than or equal to \$25.00 per contract. Merrill Lynch as Exchange-appointed Market Maker, will have the opportunity, but not the obligation, to reduce their offer price (the "last look right") within one-half hour of such notification by the Exchange.

The Exchange shall thereupon match purchase and sale orders based upon an Allocation Algorithm and report such matches promptly to Clearing Members. The Exchange shall match buy orders to sell orders prioritized by sell price. At each sell price at which buy orders will be matched, buy orders with limit prices equal to or greater than the sell price shall be allocated on a pro rata basis. If multiple sell orders are received at the same limit price, and the total sell order quantity exceeds the total buy order quantity that may be matched at that price, the allocation of orders shall be made on a pro rata basis by reference to the quantities associated with such orders, subject to the restriction that all sell orders at that price are filled before a proprietary sell order of any Exchange-appointed Market Maker.

The Exchange reserves the authority to limit the size of the open interest created as a result of these Special Opening Procedures. The Exchange further reserves the authority to delay the commencement of trade if it determines in its discretion that market conditions are not conducive to an orderly opening.

The Initial Index Value shall be established at 25.00 Index Points on November 3, 2005.

Subsequent to the conclusion of these Special Opening Procedures, trading shall be conducted on the GLOBEX electronic trading platform per the Rules of the Exchange commencing on November 4, 2005.

36703. DELIVERY

Delivery under the Rogers TRAKRS contracts shall be by cash settlement.

36703.A. Delivery

Clearing members holding open positions in a Rogers TRAKRS 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 margin procedures based on a settlement price equal to the final settlement price.

36703.B. Early Termination

If the value of the Rogers TRAKRS Index should at any time equal zero or less, trading in Rogers TRAKRS futures shall be discontinued and all outstanding contracts shall be settled in cash at a value of zero (\$0.00) per contract.

36704. FLOW OF FUNDS

36704.A. Customers

For purposes of this Rule, "Institutional Customers" are market participants that (1) qualify as Qualified Institutional Buyers ("QIBs") under Rule 144A promulgated under the Securities Act of 1933, as amended; and, (2) CME members registered as floor brokers or floor traders. "Non-Institutional Customers" are market participants that do not qualify as Institutional Customers as defined herein.

36704.B. Qualified Intermediaries

Institutional and Non-Institutional Customers may place Long-Short Technology TRAKRS Index futures orders with (1) an Associated Person ("AP") of a registered Introducing Broker ("IB") or Futures Commission Merchant ("FCM"), such resulting positions to be maintained in a futures account; or (2) a Registered Representative ("RR") of a securities Broker-Dealer ("BD") that is notice registered with the National Futures Association ("NFA") as a limited-purpose FCM ("LP/FCM") or an entity that is dually registered as a BD and FCM ("BD/FCM"), such resulting positions to be maintained in a securities account.

36704.C. Interest Rate Pass-Through

Clearing members holding open long positions in a Rogers TRAKRS futures contract shall make payment to the Clearing House on a daily basis equal to the most recently available closing daily overnight Fed Funds Effective Rate, as determined by the Federal Reserve, less the Spread as described below, divided by 360, applied to the current contract value based on the settlement price. Said payment divided by 360 applied to the current contract value based on the settlement price, shall be passed through the Clearing House to clearing members holding short positions in a Rogers TRAKRS futures contract.

Institutional Customers holding long Rogers TRAKRS futures positions, maintained in a futures account, must make such payments to their clearing member and Institutional Customers holding

short Rogers TRAKRS futures positions, maintained in a futures account, will receive such payments from their clearing member. It is the responsibility of the clearing member to administer such payments.

If the Fed Funds Effective Rate is less than the Spread as described below, then a daily payment in an amount equal to the Spread as described below, less the Fed Funds Effective Rate, divided by 360, applied to the current contract value based on the settlement price, shall be passed through the Clearing House from clearing members holding open short positions to clearing members holding long positions in a Rogers TRAKRS futures contract. Institutional Customers holding short Rogers TRAKRS futures positions, maintained in a futures account, must make such payments to their clearing member and Institutional Customers holding long Rogers TRAKRS futures, maintained in a futures account, will receive such payments from their clearing member. It is the responsibility of the clearing member to administer such payments.

The Spread shall be equal to 1.50% or 150 basis points per annum.

36704.D. Amortizing Spread

An Amortizing Spread shall be applied on a daily basis during the 30-day period beginning on November 4, 2005. The Amortizing Spread shall be applied by reducing the \$0.75 Amortizing Spread component (3.0% applied to a value of the initial Rogers TRAKRS Index value of \$25.00) of the Rogers TRAKRS Index by \$0.025 ($\$0.75/30$) each calendar day for the 30-day period. Each trading day during the 30-day period beginning November 4, 2005, each customer holding a short position in Rogers TRAKRS will be required to pay its clearing member the portion of the Amortizing Spread allocated for that day (the "Daily Amortizing Spread Payment"). Each clearing member that maintains short Rogers TRAKRS positions will in turn pay the Daily Amortizing Spread Payment to the CME Clearing House. The CME Clearing House will then pay each clearing member that maintains long Rogers TRAKRS positions (based on the amount of long Rogers TRAKRS the clearing member maintains multiplied by the Rogers TRAKRS Settlement Price) the portion of the Daily Amortizing Spread Payments allocable to that clearing member. Each institutional customer holding long Rogers TRAKRS positions will be entitled to receive this amount from its clearing member, based on the amount of long Rogers TRAKRS held by the institutional customer multiplied by the Rogers TRAKRS Settlement Price. A non-institutional customer holding long Rogers TRAKRS positions will not be entitled to receive this amount from its clearing member.

36704.E. Performance Bond

Non-Institutional Customers purchasing Rogers TRAKRS futures contracts, maintained in a futures account or securities account, shall deposit 100% of the purchase price with their long clearing member. Non-Institutional Customers selling Rogers TRAKRS futures contracts, maintained in a futures account or a securities account, shall deposit 50% of the sale price with their short clearing member.

Institutional Customers purchasing Rogers TRAKRS Index futures contracts, maintained in a securities account, shall deposit 100% of the purchase price with their long clearing member. Institutional Customers selling Rogers TRAKRS Index futures contracts, maintained in a securities account, shall deposit 50% of the sale price with their short clearing member.

Institutional Customers purchasing or selling Rogers TRAKRS futures contracts, maintained in a futures account, shall be subject to the performance bond requirements established by the Exchange and their FCMs.

36704.F. Settlement Variation

Non-Institutional Customers that purchase Rogers TRAKRS futures, maintained in a futures account or a securities account, shall not be subject to variation margin procedures nor shall they pay or collect settlement variations with respect to their Rogers TRAKRS futures positions.

Non-Institutional Customers that sell Rogers TRAKRS futures, maintained in a futures account or a securities account, shall be subject to variation margin pay and collect requirements per the following conditions. If the settlement price advances such that a Non-Institutional Customer's performance bond is less than 30% of the current Rogers TRAKRS futures contract value, the Non-Institutional Customer shall be required to make a variation margin payment to restore the performance bond to 50% of the current Rogers TRAKRS futures contract value. If the settlement price declines such that a Non-Institutional Customer's performance bond is greater than 70% of the current Rogers TRAKRS futures contract value, the Non-Institutional Customer shall be entitled

to collect a variation margin payment to restore the performance bond to 50% of the current Rogers TRAKRS futures contract value.

Institutional Customers that purchase Rogers TRAKRS futures, maintained in a securities account, shall not be subject to variation margin procedures nor shall they pay or collect settlement variations with respect to their Rogers TRAKRS futures positions.

Institutional Customers that sell Rogers TRAKRS futures, maintained in a securities account, shall be subject to variation margin pay and collect requirements per the following conditions. If the settlement price advances such that an Institutional Customer's performance bond is less than 30% of the current Rogers TRAKRS futures contract value, the Institutional Customer shall be required to make a variation margin payment to restore the performance bond to 50% of the current Rogers TRAKRS futures contract value. If the settlement price declines such that a Institutional Customer's performance bond is greater than 70% of the current Rogers TRAKRS futures contract value, the Institutional Customer shall be entitled to collect a variation margin payment to restore the performance bond to 50% of the current Rogers TRAKRS futures contract value.

Institutional Customers that purchase or sell Rogers TRAKRS futures, maintained in a futures account, shall be subject to normal variation margin procedures.

36705. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

36706. CASH-SUBSTITUTE POSITIONS

For purposes of this rule, the term "cash-substitute positions" means long positions which are economically appropriate to the management of risks in the conduct and management of a commercial enterprise engaged substantially in the underlying cash market, and whose underlying commodity value does not exceed the sum of:

1. Cash set aside in an identifiable manner, or unencumbered short-term U.S. Treasury obligations or other U.S. dollar denominated, high-quality, short-term debt instruments so set aside, plus any funds deposited as performance bond on such positions; and
2. Accrued profits on such positions held at the futures commission merchant.

A clearing member shall not carry a cash-substitute account which by itself or in accumulative total with other accounts of the owner exceeds the speculative position limits of this Chapter, unless the President approves and unless the applicant has applied to the Division of Market Regulation on forms provided by the Exchange, wherein he requests a maximum number of positions, fully explains the nature and extent of his business, and states under oath that:

1. The intended positions will be cash-substitute positions.
2. The positions are kept in a special account on the books of a clearing member.
3. The prospective applicant will comply with whatever limitations are applied by the Exchange with regard to said positions.
4. The applicant agrees to submit immediately a supplemental statement explaining any change in circumstances affecting his position.
5. The applicant complies with all other Exchange rules and requirements.
6. The positions are moved in an orderly manner in accordance with sound commercial practices, and are not initiated or liquidated in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes. The applicant does not use said positions in an attempt to violate or avoid Exchange rules, or otherwise impair the good name or dignity of the Exchange.

The President shall, on the basis of the applicant and supplemental information which the Exchange may request, determine whether the positions shall be approved as cash-substitute positions. The President may impose such limitations as are commensurate with the liquidity of the markets and with the applicant's business needs, financial ability and personal integrity. The President and the Business Conduct Committee may, from time to time, review approvals and, for cause, revoke said approvals or place limitations thereon.

The applicant may appeal any decision of the President or the Business Conduct Committee to the Board. The applicant shall be exempt from emergency orders reducing speculative limits or

restricting trading but only to the extent provided in such order and only if the approvals required by this rule are secured by the applicant.

(End Chapter 367)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 367

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