

Chapter 191

RBOB Gasoline Futures

191.01. SCOPE

The provisions of these rules shall apply to all Reformulated Gasoline Blendstock (RBOB) for Blending with 10% Denatured Fuel Ethanol (92% Purity) bought or sold for future delivery on the Exchange with New York Harbor delivery.

191.01A. DEFINITIONS

(A) The terms "Seller" and "Buyer" shall mean the short Clearing Member and the long Clearing Member, respectively.

(B) The terms "Seller's Customer" and "Buyer's Customer" shall mean the seller and buyer of the physical product.

(C) The term "Notice Day" shall mean the business day after the day the Clearing House receives copies of the Notices of Intention to Deliver and Notices of Intention to Accept from the respective Clearing Members. The Notice Day shall be one business day after the last trading day of the expiring delivery month.

(D) The term "Settlement Price" shall mean the final settlement price used as the price for delivery of the product, which shall be the settlement price for the last trading day of the expiring delivery month. The settlement price for the last day of trading shall be determined in accordance with the procedures set forth in Rule 6.25.

(E) The term "RBOB" shall mean Reformulated Regular Gasoline Blendstock for blending with 10% Denatured Fuel Ethanol (92% Purity) as defined in ASTM D4806 as listed by the Colonial Pipeline for Fungible F grade and properly designated for sale in New York and New Jersey in accordance with U.S. Environmental Protection Agency (EPA) regulations.

191.02. CONTRACT UNIT

The contract unit to be delivered by the seller shall be 42,000 U.S. gallons (1,000 U.S. barrels). Except for a delivery made by book transfer or stock transfer (Rules 190.04(A)(3), 190.04(A)(4), a loading tolerance of two percent (2%) above or below 1020 U.S. barrels or 980 U.S. barrels the contract unit is permitted. The volume delivered shall be determined at 60° F using A.S.T.M. Standard D1250, Table 6 B.

191.03. GRADE AND QUALITY SPECIFICATIONS

The RBOB delivered shall be a hydrocarbon oil free from alkali, mineral acid, grit, fibrous or other foreign matter, meeting the specifications as are in effect for downstream parties at the time of delivery meeting the requirements of Colonial Pipeline Company (Atlanta, Georgia) for:

(A) Fungible F Grade, Reformulated Regular Gasoline Blendstock (RBOB) for Blending with 10% Denatured Fuel Ethanol (92% Purity) as defined in ASTM D4806 as listed by the Colonial Pipeline as being properly designated for sale in New York and New Jersey in accordance with U.S. Environmental Protection Agency (EPA) regulations; provided, however, and notwithstanding anything to the contrary in the Colonial Pipeline Company specifications, the specifications set forth in Subsections (A)(1) through(A)(5) below shall apply for Reid Vapor Pressure, Oxygenation, Corrosion, Distillation, and EPA Reformulated Gasoline requirements:

(1) Reid Vapor Pressure: RBOB delivered pursuant to this contract shall have Reid Vapor Pressure no greater than the following maximum levels after blending with denatured fuel ethanol::

MONTH	P.S.I.
January	15.0
February	15.0
March	13.5
April	9.0
May	9.0
June	9.0
July	9.0
August	9.0
September 1-15	9.0
September 16-30	13.5
October	13.5
November	15.0
December	15.0

Provided that, deliveries on the September contract originally nominated for delivery on or before September 15 shall not exceed 9.0 p.s.i., regardless of the time of actual delivery.

(2) Oxygenation: RBOB shall not contain oxygenates, such as ethers or alcohols. The di minimis limit of MTBE, ETBE, and TAME allowed is 0.3% by volume maximum.

(3) Corrosion: RBOB shall comply with the Colonial specifications for Copper and Silver Corrosion under ASTM D130 and ASTM D4814. The NACE Corrosion test is not required.

(4) Distillation: RBOB shall comply with the Colonial Pipeline Distillation requirements, except for the T50 minimum requirement during the winter season when the Non-VOC controlled RBOB shall meet the T50 minimum requirement (for 50% by volume Evaporation) at 150 Degrees Fahrenheit, as required by Buckeye Pipeline Grade 542. Deliveries against the March contract month shall meet the Buckeye Pipeline Grade 542 requirements for the minimum T50 distillation standard and the minimum temperature for meeting the Vapor/Liquid Ratio (V/L) in effect for non-VOC controlled RBOB.

(5)(A) RBOB deliveries shall comply with EPA requirements at all times, including the minimum and maximum standards set forth in 40 C.F.R. Part 80 as are in effect for downstream parties at the time and place of delivery, and shall be adjusted by the amount of any increase or decrease in such standards as required by EPA for RBOB sold and distributed for consumption in the New York Harbor area. RBOB deliveries shall comply with State and Federal requirements for oxygen content for RBOB sold for consumption as are in effect at the time and place of delivery.

(B) RBOB shall be designated as VOC-Controlled in accordance with EPA regulations during the period April 1 through September 15, including any deliveries on the September contract originally nominated for delivery on or before September 15, regardless of the date of actual delivery.

(C)(1) All tests shall be performed in accordance with EPA regulations.

(2) Enforcement tolerances, as permitted by EPA for downstream parties, shall apply to all specifications governed by EPA regulations. Product delivered in conformance with such specifications, including enforcement tolerances, may not be rejected by the buyer as nonconforming to the specifications.

(3)A.S.T.M. refers to the American Society for Testing Materials.

(4) A.P.I. refers to the American Petroleum Institute.

191.04. DELIVERY

(A) Delivery shall be made F.O.B. Seller's Customer's New York Harbor ex-shore facility with all duties, entitlements, taxes, fees and other charges imposed prior to or as a result of delivery paid by the seller. Delivery shall be made in accordance with applicable Federal, State and local laws. Delivery shall comply with all State laws related to oxygen content. Buyer's Customer shall reimburse Seller's Customer for any gasoline tax as had been or will be paid by the Seller's Customer. At Buyer's Customer's option, such delivery shall be made by any of the following methods:

(1) By delivery into Buyer's Customer's barge;

(2) By delivery into Buyer's Customer's tanker or pipeline, if Buyer's Customer's can take delivery in such manner at the facility used by seller;

(3) By stock transfer of title to the Buyer's Customer, if the facility used by seller allows such transfer;

(4) By book transfer if the Seller's Customer agrees to such transfer;

(5) By intra-facility transfer ("pump-over"), if the facility used by Seller's Customer allows such transfer;

(6) By inter-facility transfer ("pump-over"), if the facilities used by Seller's Customer and Buyer's Customer both allow such transfer.

(B) RBOB Designation: At the time of the delivery, the Seller's Customer shall provide to the Buyer's Customer, with a copy to the Seller, a Product Transfer Document prepared in accordance with EPA regulations.

(C) For purposes of these rules, any Seller's Customer delivering an aggregate of twenty-five (25) contracts or less in a delivery month, shall deliver all such contracts from the same facility.

(D) For the purpose of these rules, New York Harbor shall extend from the East River west of Hunts Point; Gowanus Bay west of the Hamilton Avenue Bridge; the Hudson River south of George Washington Bridge; the Upper Bay; the Narrows; the Lower Bay west of Morton Point; the Newark Bay; the Hackensack River south of the Witt-Penn Bridge; the Passaic River south of the Pulaski Skyway Bridge; the Kill Van Kull; the Arthur Kill and the Raritan River east of the Garden State Parkway Bridge.

(E) All deliveries made under these rules shall be final and there shall be no appeal.

191.05. PETROLEUM COMMITTEE

The Board of Directors shall appoint a Petroleum Committee whose duty it shall be to advise the Board with respect to the futures contracts traded under these rules.

191.06. DELIVERY MONTHS

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Board of Directors.

191.07. MINIMUM PRICE FLUCTUATIONS

(Prices shall be quoted in dollars and cents per gallon. The minimum price fluctuation shall be \$.0001 per gallon.

191.07A. SPECIAL PRICE FLUCTUATION LIMITS

(A) Initial Price Fluctuation Limits for All Contract Months. At the commencement of each trading day, there shall be price fluctuation limits in effect for each contract month of this futures contract of

\$.25 per gallon above or below the previous day's settlement price for such contract month.

(B)

(1) Triggering Event and Temporary Trading Halt Related to Trading on Globex®.

If a market for any of the first three (3) contract months is bid or offered at the upper or lower price fluctuation limit, as applicable, on Globex it will be considered a Triggering Event which will halt trading for a five (5) minute period in all contract months of the RB futures contract, as well as all contract months in all products cited in the Associated Product Appendix of this rule. Trading in any option related to this contract or in an option contract related to any products cited in the Associated Product Appendix which may be available for trading on either Globex or on the Trading Floor, shall additionally be subject to a coordinated trading halt.

(2) Expansion of Limits Following Temporary Trading Halt.

Following the end of the 5-minute Temporary Trading Halt, the affected markets shall re-open simultaneously in all contract months of these futures contracts. When trading resumes, price fluctuation limits for each contract month shall be expanded an additional increment of the price fluctuation limits, above and below the previous day's settlement price for each contract month in the affected contracts on Globex and on the trading floor (as applicable).

(3) Each instance in which a Triggering Event occurs, a Temporary Trading Halt will commence as provided by Sub-Sections (1)-(2) above and the price fluctuation limits for all contract months shall be expanded by an additional increment of the price fluctuation limits for RB as well as all products cited in the Associated Products Appendix in this rule.

(4) End of Day Lifting of Price Fluctuation Limits.

On any Exchange business day, regardless of any prior action concerning price fluctuation limits during the trading session, commencing sixty (60) minutes before the close of the Regular Trading Hours (RTH) session, there shall be no price fluctuation limits on any contract month in RB and all products cited in the Associated Products Appendix of this rule. The Price Fluctuation Limits shall be reinstated after the close of RTH for trading on Globex and shall be in effect through to the conclusion of the current trading day's Globex trading session.

(C) Price Fluctuation Limits on the Trading Floor (Floor Trading)

(1) The price fluctuation limits cited in section (A) of this rule shall be applicable on the Trading Floor (Floor Trading). However, all markets on the trading floor shall be limited to trading at these price levels (locked limit) and shall not constitute a Triggering Event for purposes of a Temporary Trading halt on Globex.

(2) In all instances when a Triggering Event in RB occurs on Globex, Floor Trading in RB and any products cited in the Associated Products Appendix of this rule shall immediately halt. Additionally, trading in any option related to this contract or in an option contract related to any products cited in the Associated Product Appendix shall be subject to a coordinated trading halt.

(3) Whenever Globex markets are expanded and re-opened pursuant to the provisions of Section (B) of this rule, effected markets on the Trading Floor shall re-open with the expanded limits in place.

(D) Associated Products Appendix.

CL	Light Sweet Crude Oil Futures
HO	New York Harbor No. 2 Heating Oil Futures
RB	RBOB Gasoline Futures
LH	New York Harbor Ultra-Low Sulfur Diesel (ULSD) Futures
QM	E-mini Crude Oil Futures
QH	E-mini Heating Oil Futures

QU	E-mini RBOB Gasoline Futures
WS	Crude Oil Financial Futures
RT	RBOB Gasoline Financial Futures
ULS	NY ULSD Financial Futures

191.08. TERMINATION OF TRADING

Trading in a current delivery month shall cease on the last business day of the month preceding the delivery month.

191.08A. PRODUCT PLACEMENT

Product in Tank: The Seller's Customer shall have a quantity and quality of product in tank at one or more eligible delivery facilities in accordance with the inspection requirements under Rule 191.12 prior to the first day of the consecutive five-day period for initiation of delivery identified by the Buyer's Customer in the Initial Delivery Instructions. The obligation to have product in tank, as prescribed in this section (2), shall constitute a "material act with respect to a delivery obligation" as referenced in Rule 191.15(A)(1).

191.09. DELIVERY PROCEDURE

(A) RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN LONG POSITIONS
(BUYERS)

(1) NOTICE OF INTENTION TO ACCEPT

By 3:00 p.m. on the first business day of the delivery month, a Buyer having an open long position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept, in the form prescribed by the Exchange, shall include: the name of the Buyer's Customer, the number of contracts to be accepted, the names of three inspection companies and any additional information required by the Exchange. The buyer may, at its option, request a preferred delivery site; such request shall not be binding upon the seller.

(2) INITIAL DELIVERY INSTRUCTIONS

As soon as possible after receipt from the Exchange of a Notice of Intention to Deliver, but not later than 4:30 p.m. on a business day not later than the fourth business day of the delivery month, the Buyer shall deliver to the Seller identified in such Notice of Intention to Deliver, with a copy to the Exchange, properly completed and signed Initial Delivery Instructions, in the form prescribed by the Exchange, which shall include the following information:

- (a) Name of Seller,
- (b) Tender Number,
- (c) Name and Location of Delivery Facility specified in the Notice of Intention to Deliver,
- (d) Number of Contracts,
- (e) Method of Delivery,
- (f) A consecutive five day period for initiation of delivery,
- (g) Name of the designated inspection company, if so required; and,
- (h) Such additional information as may be required by the Exchange.

(3) VERIFICATION OF DELIVERY METHOD AND INSPECTION COMPANY

Prior to giving the seller Initial Delivery Instructions, the Buyer's Customer shall verify with and confirm in writing to the Seller's Customer that the method of delivery specified conforms to the normal capabilities of the Seller's Customer's delivery facility with respect to the manner of delivery and the quantity to be delivered and that the inspection company specified has been accepted by the Seller's Customer. Such verification shall be confirmed in the Initial Delivery Instructions. If the Buyer's Customer and Seller's Customer fail to agree on one of the three inspection companies included in the Notice of Intention to Accept, the matter shall be referred to the Petroleum Delivery

Committee as provided in Rule 1915(C)(6). Initial Delivery Instructions may not be amended after they have been given to the Seller.

(4) DELIVERY INSTRUCTIONS

The Buyer may tender, at the office of the Seller, Delivery Instructions on any business day prior to 10:30 a.m. Delivery Instructions given after 10:30 a.m. on any business day shall be deemed to have been given on the following business day. A Buyer may not tender Delivery Instructions on the day on which Initial Delivery Instructions are tendered to the Seller under Rule 191.09(A)(2). The Buyer's Delivery Instructions for a delivery which is to occur during the consecutive five day period the final day of which is the day prior to the last business day of the month shall not designate such final day of the period for the initiation of the delivery. The Buyer must give Delivery Instructions to the seller not later than two calendar days prior to the time of the proposed delivery, or such earlier business day as is necessary to assure that the day on which Delivery Instructions are given is followed by a period that includes at least one business day and two subsequent calendar days ending on the day prior to the last business day of the delivery month. A copy of the Delivery Instructions must be given to the Exchange. Except as provided in Rule 191.09(A)(6) below, Delivery Instructions must conform to the Initial Delivery Instructions tendered by the Buyer to the Seller.

(5) FORM OF DELIVERY INSTRUCTIONS

The Delivery Instructions must be properly completed and signed, in such form as prescribed by the Exchange, and shall contain the following information:

- (a) Name of Seller;
- (b) Tender Number;
- (c) Name and Location of Delivery Facility specified in the Notice of Intention to Deliver;
- (d) Number of Contracts;
- (e) Method of Delivery (which must conform to the normal capabilities of the facility named in the Notice of Intention to Deliver with respect to the manner and time of delivery and the quantity to be delivered);
- (f) Name of proposed Carrier (i.e., Barge or Pipeline), and the approximate size of the barge or tanker, if any;
- (g) For interfacility transfers, name of receiving facility;
- (h) Date and Approximate Time for Initiating Delivery,
- (i) Name of inspection company, if so required; and
- (j) Such additional information as may be required by the Exchange.

(6) AMENDMENT OF INITIAL DELIVERY INSTRUCTIONS OR OF DELIVERY INSTRUCTIONS

Neither Initial Delivery Instructions nor Delivery Instructions may be amended after they have been given. However, upon mutual consent of Buyer and Seller and upon written notice to the Exchange, the Parties may change the delivery facility named by the Seller, the method of delivery named by the Buyer, the five day period for the initiation of a delivery named by the Buyer, or the specific delivery date and time named by the Buyer.

(7) NOTICE OF CLEARANCE; NOTICE OF NON-CLEARANCE

(a) If the Buyer receives from the seller a Notice of Clearance advising that the Seller will deliver pursuant to the Delivery Instructions, the Buyer shall require its customer to post with it the full purchase price of all products to be purchased under all contracts covered by such Notice not later than two days prior to the scheduled initiation of delivery.

(b) If the Buyer receives from the Seller a Notice of Non-Clearance advising that the Seller is unable to deliver in accordance with the Delivery Instructions, the Buyer shall give Revised Delivery Instructions to the Seller, not later than 10:30 a.m. on the third business day following receipt of such Notice, or such earlier business day as is necessary to assure that the day on which Revised

Delivery Instructions are given is followed by at least two subsequent calendar days ending on the day prior the last business day of the delivery month. A copy of Revised Delivery Instructions shall be given to the Exchange. The Revised Delivery Instructions shall comply in all respects with the provisions of sub-paragraph (5) above and shall thereafter comply with the provisions of this sub-paragraph as if such Revised Delivery Instructions were the original Delivery Instructions; provided, however, that such Revised Delivery Instructions may designate for delivery the final day of the consecutive five day period immediately prior to the last business day of the month. Such Revised Delivery Instructions shall specify a delivery date and time not less than 24 hours before or after the delivery time specified in the original Delivery Instructions (whether or not such date and time is within the five-day period specified in the Initial Delivery Instructions), provided such date and time is prior to the last business day of the delivery month and at least two calendar days subsequent to the date on which such Revised Delivery Instructions are given to the Seller. Revised Delivery Instructions given after 10:30 a.m. on any day shall be deemed to have been given on the following business day. Except as provided in Rule 190.09(A)(6), Revised Delivery Instructions may not be amended after they have been given to the Seller.

(8) ACCEPTANCE OF PRODUCT

The Buyer may not begin to accept the product earlier than the day after the fifth business day of the delivery month or later than the last day prior to the last business day of the delivery month. The Buyer may complete receipt of product no later than the last business day of the delivery month.

(B) RESPONSIBILITIES OF CLEARING MEMBERS HAVING OPEN SHORT POSITIONS (SELLERS)

(1) NOTICE OF INTENTION TO DELIVER

By 3:00 p.m. on the first business day of the delivery month, a Seller having an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in such form as prescribed by the Exchange and shall include the name of the Seller's Customer, the name and location of the Seller's Customer's delivery facility, the number of contracts and such additional information as may be required by the Exchange.

(2) NOTICE OF CLEARANCE; NOTICE OF NON-CLEARANCE

(a) Not later than 4:30 p.m. of a day on which the Buyer gives the Seller Delivery Instructions, the Seller shall give the Buyer a properly completed and signed Notice of Clearance in such form as prescribed by the Exchange, with a copy to the Exchange, indicating that it is prepared to make delivery in accordance with the provisions of the Buyer's Delivery Instructions.

(b)(i) In the event that the Seller is unable to make delivery in accordance with the Buyer's Delivery Instructions because of a good faith inability to receive clearance from the facility, the Seller shall, not later than 4:30 p.m. of the day on which the Buyer gives the Seller Delivery Instructions, give to the Buyer a Notice of Non-Clearance, with a copy to the Exchange, and state the reasons for such inability. The Seller may, at its option, in the Notice of Non-Clearance suggest an alternate or preferred delivery site, date or time. In the event the facility nominated by the Seller asserts a minimum loading requirement for barge delivery which is an amount greater than the quantity nominated by the Buyer for lifting, the Seller may not issue a Notice of Non-Clearance to the buyer based solely upon such loading requirement. However, in the event the facility's minimum loading requirement prevents delivery as nominated by the Buyer, the Seller may unilaterally and without the Buyer's consent, upon written notice to the Buyer, with a copy to the Exchange, not later than 4:30 p.m. of the day on which the Buyer gives the Seller Delivery Instructions, amend the name and location of the delivery facility set forth in the Delivery Instructions and otherwise accept delivery on the terms provided in the Delivery Instructions.

(ii) If Notice of Non-Clearance is given, the Seller shall require its customer, at the time the Notice of Non-Clearance is given, to post additional original margin equal to 25% of the total contract

value of all contracts listed in the Delivery Instructions. Such additional margin shall be posted by the Seller with the Exchange not later than 11 a.m. on the next business day.

(iii) Not later than 4:30 p.m. of a day on which the Buyer gives the seller Revised Delivery Instructions, the Seller shall give the Buyer a Notice of Clearance, with a copy to the Exchange, indicating that it is prepared to make delivery in accordance with the provisions of the Buyer's Revised Delivery Instructions. Revised Delivery Instructions given after 10:30 a.m. on any day shall be deemed to have been given on the following business day. In the event that the Seller is unable to make delivery in accordance with the Buyer's Revised Delivery Instructions because of Force Majeure, the Seller shall, not later than 4:30 p.m. of the day on which the Buyer gives the Seller Revised Delivery Instructions, give to the Buyer a Notice of Non-Clearance with a copy to the Exchange, and state the reasons for such inability to make delivery.

(C) NOTICE DAY. The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions to the extent possible. The Clearing House shall pass copies of the notices to the respective Clearing Members on the morning of the next business day. The day the notices are passed to the Clearing Members shall be referred to as the Notice Day. The Notice Day shall be the second business day of the delivery month.

(D) NON-TRANSFERABLE. The Clearing Member who receives a Notice of Intention to Deliver or a Notice of Intention to Accept from the Clearing House shall have agreed to accept or deliver product. Notices of Intention to Deliver or Notices of Intention to Accept are not transferable.

(E) DELIVERY DAY

(1) Shipment will commence when product passes the Buyer's Customer's cargo intake flange, tank or pipeline connection; at such time the Buyer's Customer shall bear the risk of loss.

(2) The Buyer shall pay the Seller at the office of the Seller by certified check by 12:00 noon of the business day following the receipt of the product, or by 12:00 noon on the last business day of the delivery month, whichever is earlier. The amount of payment shall be based on volume delivered as determined in accordance with Rule 191.02. Should the inspector, appointed under Rule 191.12, be unable to supply quantitative results prior to the time established herein for payment of the product, a pro forma payment based on 42,000 U.S. gallons per contract shall be made. Payment adjustments based on actual quantity transferred shall be completed between Clearing Members by 12:00 noon of the first business day after receipt of the telexed Inspector's report but no later than the third business day after transfer of physical product. Alternatively, Buyer and Seller may mutually agree to effect payment or adjustment, as otherwise prescribed in this Rule, by federal funds money wire as a substitution for a certified check.

(a) If the Buyer requires multiple delivery dates, multiple payment shall be required for each portion of product transferred.

(b) The Seller, upon receipt of payment, shall give the Buyer a bill of lading or other quantitative certificate and any other appropriate documents necessary to transfer ownership of the product to the Buyer.

(3) The day the Buyer receives the product shall be referred to as the Delivery Day.

191.10. SHIPMENT

(A) The Seller's Customer's delivery facility must be capable of making delivery by barge.

(B) The Seller's Customer's ex-shore facility must have a minimum draft of 20 feet at mean low water and a minimum access draft of 20 feet at mean low water. The Seller's Customer must supply the product as soon as the barge or tanker reports readiness to load; alternatively, if delivery is to be made on shore, the Seller's Customer must supply the product as soon as the Buyer's Customer reports that the transfer facility is ready to accept the product.

(C) The Buyer's Customer's barge or tanker must be safely afloat at all times.

(D) The Seller's Customer shall pay all applicable demurrage charges if the shore facility is unable to deliver the product at a rate sufficient to meet normal requirements for loading a barge or tanker or is unable to deliver ex-tank or pipeline at the normal rate for such delivery. The Buyer's Customer shall pay all other demurrage charges.

191.11. VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity or accuracy of any inspection certificate, Notice of Intention to Deliver, Notice of Intention to Accept, bill of lading, check or of any document or instrument delivered pursuant to these Rules.

191.12. INSPECTION

(A) The Buyer shall notify the Seller in the Initial Delivery Instructions that a grade and quality or quantity inspection is requested. The Seller's Customer shall initiate inspection of the product to be delivered 24 hours prior to the nominated time and date specified in the delivery instructions. The Buyer may request the tests for any or all grade and quality specifications for the stated product listed in 190.03. The Buyer may request a quantity inspection for all deliveries. The Buyer shall require a quantity inspection for delivery by barge, tanker or inter-facility transfer (pump-over). If the Buyer does not request a quantity inspection, the seller may request such inspection.

(B) If a Buyer's Customer requests grade and quality or quantity inspection, or if a Seller's Customer requests a quantity inspection, the inspection company listed in the Initial Delivery Instructions shall perform the inspection, unless an alternate inspection company is appointed by the Petroleum Delivery Committee, pursuant to Rule 191.09(A)(3).

(C) If the product meets grade and quality specifications, the Buyer's Customer and Seller's Customer shall share equally in the cost of inspection. If the product does not meet grade and quality specifications, the Seller's Customer shall pay the cost of inspection. The cost of verifying the quantity of product transferred shall be shared equally by Buyer's Customer and Seller's Customer.

(D) If the product does not meet grade and quality specifications, or if product is added to the tendered tank(s) after the inspection is conducted, the Seller's Customer, at its own expense shall initiate a second inspection, performed by the same inspection company as the initial inspection. Seller's Customer shall furnish the results of the second inspection to the Buyer's Customer no later than the nominated time and date of pickup. If the product does not meet grade and quality specifications in the second inspection, within one business day of receipt of the report by the Exchange a Panel of the Petroleum Delivery Committee, as appointed by the Chairman, shall meet to review the delivery if necessary, pursuant to the procedures set forth in Rule 191.15(C).

In addition, the Seller shall require its customer to post additional margin equal to 25% of the total contract value of all contracts listed in the Delivery Instructions. Such additional margin shall be posted by the Seller with the Exchange not later than 11:00 a.m. on the next business day.

(E) The inspection company shall not be affiliated with the parties to the delivery. The inspection company must be capable of performing the quantity or quality tests requested by the Buyer or Seller in such a manner so as to assure that the product delivered conforms with these rules. The inspection company shall determine the quantity or quality of product transferred by using the prevailing practices of the facility transferring the product in effect at the time of delivery.

(F) The Buyer shall deliver to the Exchange a copy of all reports of the inspection company when they are received.

(G) The Buyer's Customer, at its own discretion and expense, may request in the Initial Delivery Instructions that the Seller's Customer run an additional inspection, called Pre-inspection, for quality and quantity on the total amount to be delivered in the five-day delivery period specified in the Initial Delivery Instructions. The Seller's Customer shall initiate Pre-inspection 24 hours prior to

the first day of the consecutive five-day period for delivery. Pre-inspection shall be performed by the same inspection company as indicated in the Initial Delivery Instructions. If the product does not meet grade and quality specifications in the Pre-inspection, the Seller's Customer, at its own expense, shall initiate a second Pre-inspection, performed by the same inspection company as the Initial Pre-inspection. Seller's Customer shall furnish the results of the second Pre-inspection to the Buyer's Customer prior to the first day of the consecutive five-day delivery period.

191.13. TRADING IN SPREADS

A spread shall consist of the simultaneous purchase of one future month and sale of another future month at a stated price difference. The purchase and the sale shall be for one account. Floor brokers executing spreads shall properly record them in writing so as to permit the identification of the transactions and the parties thereto. All spread trading must be made by open outcry. All spread trading must be in line with current spread differentials. (i) If both of the respective months have traded in a price range during the day, and the differential is such that the price for both months may be within such ranges, then the price for both months must be within such range for each of the months; (ii) if both months have had a price range and the differential for the spread falls outside such ranges, then the prices for the respective months shall be fixed within the range of one month and within the permissible price limits of the other month; (iii) if one month involved in the transaction has had no price range for the day, the prices for the respective months shall be fixed within the range of the month that has had a price range for the day and within the permissible daily price limits of the other month; (iv) if neither month has had a price range, prices shall be fixed with the permissible daily price limits of the months involved in the transaction so long as prices so fixed are consistent with the differential and the trading range in the nearest active month. The Seller in each contract must report on a pit card the spread price and differential to the Floor Supervisor. Spread transactions shall be recorded on special spread sales panels. The ticker shall record and publish a spread differential only. Spread transactions shall not set off stops in any contract except for spread stops.

191.14. EXCHANGE OF FUTURES FOR PHYSICAL (EFP)

(A) An exchange of futures for, or in connection with, the product (EFP) consists of two discrete, but related, transactions; a cash transaction and a futures transaction. At the time such transaction is effected, the Buyer's Customer and Seller's Customer of the futures must be the Seller's Customer and Buyer's Customer of a quantity of the physical product covered by this Section (or any derivative, by-product or related product.) The quantity of physical product must be approximately equivalent to the quantity covered by the futures contracts.

(B) Except as provided below, an EFP must take place during the hours of futures trading for RBOB Gasoline Futures. An EFP is permitted at any time before 2:00 p.m. of the first business day following termination of trading in an expired futures contract, provided, however, that an EFP which establishes a futures position for both the Buyer's Customer and the Seller's Customer shall not be permitted on the first business day following the expired contract.

(C) A report of such EFP transaction shall be submitted to the Exchange by each Clearing Member representing the Buyer's Customer and Seller's Customer. Such report shall identify the EFP as made under this Rule and shall contain the following information: a statement that the EFP has resulted or will result in a change of ownership, the kind and quantity of the futures, the price at which the futures transaction is to be cleared, the names of the Clearing Members and customers and such other information as the Exchange may require. Such report (form) shall be submitted to the Compliance Department by 12:00 noon, no later than two (2) Exchange Business days after the day of posting the EFP on the Floor of the Exchange.

(D) Each Buyer's Customer and Seller's Customer must satisfy the Exchange, at its request, that the transaction is a legitimate EFP transaction. All documentary evidence relating to the EFP,

including, without limitation, evidence as to change of ownership of the cash commodity or a commitment therefor shall be obtained by the Clearing Members from their customers made available by the Clearing Members for examination by the Exchange upon request.

(E) A report of each EFP transaction shall be given, and notice thereof shall be posted on the floor of the Exchange, on the day that the transaction thereto was made, or if such agreement was made after the close of trading, then on the next business day. EFP transactions shall be cleared through the Exchange in accordance with normal procedures, shall be clearly identified as EFP transactions, and shall be recorded as such by the Exchange and by the Clearing Members involved..

191.14B. EXCHANGE OF FUTURES FOR, OR IN CONNECTION WITH, SWAP TRANSACTIONS

(A) An exchange of futures for, or in connection with, a swap (EFS) consists of two discrete, but related, transactions; a swap transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of the futures must be the seller and buyer of a quantity of the swap. The swap component shall involve the commodity underlying the futures contract (or any derivative, by-product or related product). The swap component of an EFS transaction must comply with the applicable CFTC swap regulatory requirements.

(B) Except as provided below, an EFS must take place during the hours of futures trading for RBOB Gasoline Futures. An EFS is permitted at any time before 2:00 p.m. of the first business day following termination of trading in an expired futures contract, provided, however, that an EFS which establishes a futures position for both the buyer and the seller shall not be permitted on the first business day following the expired contract.

(C) Any Exchange of Futures for, or in Connection with, Swap (EFS) shall be governed by the provisions of Rule 538A.

(D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFS transaction. All documentary evidence relating to the EFS, including a master swap agreement and any supplements thereto, shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request. Additionally, if the buyer or seller is a Member/Member Firm, the Exchange may obtain the information directly from such persons.

191.15 ALTERNATE DELIVERY PROCEDURES (ADP)

A Seller's Customer or Buyer's Customer may agree with the Buyer's Customer or Seller's Customer with which it has been matched by the Exchange under Rule 191.09(D) to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Chapter. In such a case, Clearing Members shall execute an Alternative Notice of Intention to Deliver on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Notice of Intention to Deliver to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery, or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Notice of Intention to Deliver, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

191.15 FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM

(A) DEFINITION. As used in this Rule 191 the following terms, as well as variations thereof, shall have the meanings described below.

(1) "Late Performance" means the failure of a Party to complete a material act with respect to a

delivery obligation imposed by, and within the time period established in, the Rules. No Late Performance may exceed the lesser of five continuous business days or eight consecutive calendar days.

(2) "Failure to Perform" means the failure of a Party to complete a material act with respect to a delivery obligation prior to the expiration of the period allowed for the late performance of such act.

(3) "Contract Value" means the amount equal to the Settlement Price on the last day of trading in the contract times 42,000 times the number of contracts to be delivered.

(4)(a) "Party" means a Buyer or Seller. For the avoidance of doubt, the Buyer and Seller are each responsible to the Clearing House for their obligations under these Rules and further responsible to the Clearing House for the obligations of their respective customers under the Rules of this section.

(b) "Other Party" means the corresponding Buyer when the Seller is late in performance or has failed to perform and the corresponding Seller when the Buyer is late in performance or has failed to perform.

(5) "Day of Late Performance" means the twenty-four hour period commencing twelve hours after a Party was to have performed, provided however, with respect to the obligations of a Party to submit documents to the Exchange pursuant to the Rules in this chapter, "day of late performance" means that twenty-four hour period commencing immediately after the time specified in the Rules in this chapter for the submission of a document. Each subsequent day of Late Performance shall commence twenty-four hours after the beginning of the prior day of Late Performance. When a Party is late in performance, the day when the act is performed shall be a day of Late Performance.

(6) "Force Majeure" means any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of a Party, and which prevents that Party from making or taking delivery of product when and as provided for in these Rules, including but not limited to the inability to make or take delivery because of governmental action which prevents a terminal or barge from making or facilitating a delivery on a particular day by the nominated method.

(B) RESPONSIBILITIES OF PARTIES TO THE DELIVERY

(1) The Parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a Party has failed to perform.

(2) A Party which has failed to perform its obligations may no longer perform such obligations; provided, however, that a Buyer which has failed to make a payment shall make such payment.

(C) PETROLEUM DELIVERY COMMITTEE

(1) Force Majeure, Late Performance and Failure to Perform shall be determined by a Panel of the Petroleum Delivery Committee as set forth below, except that the inability of a terminal or barge to make or facilitate delivery on a particular day by the nominated method because use of the facility or barge is prohibited by order or agreement with an authorized governmental agency or unit on a delivery day that has been designated by an authorized governmental agency or unit to be a day on which ambient air quality standards for ozone will exceed permissible levels shall be considered Force Majeure without a determination by the Committee. The Chairman of the Petroleum Delivery Committee shall appoint a Panel, which shall consist of three (3) members of the Committee, to review a delivery:

(a) when the Chairman is advised by the President or any person designated by the President that it appears that the performance of a Party to the delivery is late;

(b) upon the written request of both Parties;

(c) when the President or any person designated by the President requests such appointment; or

(d) when either Party to the delivery notifies the Exchange that circumstances exist constituting Force Majeure.

(2) The Chairman shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as advisor to the Panel.

(3) The Panel shall meet within one business day of notification as provided in these Rules. Unless good cause for delay exists, within one business day the Panel shall determine whether Force Majeure exists, whether a Party is late in performing or has failed to perform its obligations as provided in the Rules, and advise the Compliance Department of such determination, and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the Parties to the delivery as expeditiously as possible.

(4) Absent a declaration of a Force Majeure, the Panel may, with the consent of both Parties, take any one or combination of the following actions as it deems suitable:

(a) grant an extension of time not to exceed five days from the date of the scheduled delivery, provided, however, that each delivery shall be completed not later than the fifth business day of the calendar month following the delivery month or the last day of the period provided for late performance of the contract, whichever is earlier;

(b) change the delivery site to a site within New York Harbor, provided that the Seller's Customer has product or will have product at such site in time for delivery; or

(c) modify the method of taking delivery.

Nothing in this Subsection shall preclude a Party or the Exchange from seeking the remedies set forth in Sections (D) and (E) of this Rule.

(5) Upon a finding of Force Majeure, the Panel may take any one or combination of the following actions as it deems suitable:

a) order an extension of time not to exceed five days from the date of the scheduled delivery, provided, however, that each delivery shall be completed not later than the fifth business day of the calendar month following the delivery month;

b) change the delivery site to a site within New York Harbor, provided that the Seller's Customer has product or will have product at such site in time for delivery;

c) modify the method of taking delivery if such method is acceptable to the Buyer;

d) allocate deliveries; or,

e) refer to Board of Directors for emergency action as provided in Article 7.

(6) The Panel may appoint an inspection company as provided in Rule 191.09(A)(3), provided, however, that the inspection company appointed by the Panel shall not be either of the two inspection companies listed in the Notice of Intention to Accept.

(D) EXCHANGE ACTION

(1) Whenever a Party is found by the Panel to be late in the performance of or to have failed to perform a delivery, the Exchange, represented by the Compliance Department, shall issue a Notice of Assessment in accordance with subsections (2) and (3) of this Section, specifying the findings of the Panel with respect to the late or failed delivery.

(2) Either one or both parties shall be assessed a penalty to be paid to the Exchange for each day of Late Performance as follows:

- first day of late performance – 3% of contract value, but not less than \$840 per contract;
- second day of late performance – 3% of contract value, but not less than \$840 per contract;
- third day of late performance – 3% of contract value, but not less than \$840 per contract;
- fourth day of late performance – 3% of contract value, but not less than \$840 per contract;
- fifth day of late performance – 3% of contract value, but not less than \$840 per contract;
- sixth day of late performance – 3% of contract value, but not less than \$840 per contract;
- seventh day of late performance – 4% of contract value, but not less than \$1,200 per contract;
- eighth day of late performance – 5% of contract value, but not less than \$1,200 per contract;

Such penalty shall be cumulative for each day of late performance.

(3) When a Party has failed to perform, the Compliance Department shall issue a Notice of Assessment assessing penalties of ten percent of the contract value, but not less than \$3,000 per contract, in addition to any penalties assessed pursuant to subparagraph (2) hereof, to be paid to the Exchange.

(4)(a) A Party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Compliance Counsel, within two business days of receipt of the Notice of Assessment from the Compliance Department. The Party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Compliance Counsel.

(b) The Compliance Department may file with the Appellant and Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.

(c) Failure by the Party to file a Notice of Appeal or a Memorandum of Appeal with the time specified in subsection (D)(4)(a) of this Rule shall constitute a waiver, and the penalties set forth in the Notice of Assessment shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the Party to the sanctions set forth in Bylaw 106. In the event a Party fails to Appeal, or waives the opportunity to appeal a Notice of Assessment the Assessment and findings of the Petroleum Delivery Committee shall constitute a final disciplinary action of the Exchange.

(5) Within ten (10) days after receipt of the Compliance Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied on by the Compliance Department or are otherwise relevant to the matter.

(6) In the event of an appeal by a Party, the Chairman of the Exchange, or his designee, shall appoint an Assessment Appeal Panel to hear and decide the appeal. The Panel shall be composed of three members of the Exchange, at least one of whom shall be a member of the Board of Directors. No member of the Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the Chairman any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Panel shall be the sole judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Panel.

(7) The procedures for the hearing of the appeal before the Assessment Appeal Panel shall be as follows:

(a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Compliance Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.

- (b) At such hearing: The Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.
- (c) The Compliance Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Compliance Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.
- (d) The Appellant shall be entitled to rebut the Compliance Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.
- (e) The Compliance Department and the Appellant shall be entitled to cross-examine any witness called by the opposing Party at the hearing.
- (f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Panel shall constitute the record of the hearing. The decision of the Panel shall be based upon the record of the hearing.
- (g) The Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
- (h) The Assessment Appeal Panel shall issue a written decision in which it may affirm, reduce, or waive the charges assessed against the Appellant and shall state the reasons therefor.
- (i) The decision of the Assessment Appeal Panel shall be a final decision of the Exchange and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective day of the decision or as specified. The effective day shall be fifteen (15) days after a copy of the written decision has been delivered to the appellant and to the Commission.
- (8) The Assessment Appeal Panel shall consider, and make recommendations to the Board concerning acceptance or rejection of, any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the Board shall constitute the final disciplinary action of the Exchange.
- (E) ARBITRATION PROCEDURE
- (1) Any claim for damages arising between Parties as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.
- (2) Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three business days of the occurrence upon which the claim is based or the decision of the Petroleum Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a Party's rights to arbitrate such a delivery dispute under the special or Regular Arbitration Rules.
- (3) The Arbitration will be governed by Chapter 5 of the Rules except that the Chairman of the Exchange or his designee shall appoint an Arbitration Panel composed of three Members of the Exchange, at least one of whom shall be a Member of the Board of Directors

191.16. TIME REFERENCES

For purposes of these Rules, unless otherwise specified, times referred to herein shall refer to and indicate New York time.