

Chapter 200

Light Sweet Crude Oil Futures

200.01. SCOPE

The provisions of these rules shall apply to all light sweet crude oil bought or sold for future delivery on the Exchange with delivery in Cushing, Oklahoma.

200.02. CRUDE OIL DEFINED

For the purpose of this Contract, "Crude Oil" shall mean:

A mixture of hydrocarbons that exists in a liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Crude oil as used herein refers to the direct liquid hydrocarbon production from oil wells, or a blend of such, in its natural form, not having been enhanced or altered in any manner or by any process that would result in misrepresentation of its true value for adaptability to refining as whole Crude Petroleum. For the purpose of this contract, condensates are excluded from the definition of crude petroleum.

200.03. CRUDE OIL ADVISORY GROUP

The Board of Governors shall appoint a Crude Oil Advisory Group whose duty it shall be to advise the Board with respect to the futures contracts traded under these rules.

200.04. CONTRACT UNIT

The contract unit shall be 1,000 U.S. barrels (42,000 U.S. gallons). Except for delivery made by book-out, in-tank transfer, or in-line transfer pursuant to rule 200.14(B), a tolerance of two percent (2%) above or below (1020 U.S. Barrels or 980 U.S. Barrels) the contract unit is permitted.

All volumes shall be determined at 60° F.

200.05. DELIVERY MONTHS

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

200.06. PRICES AND FLUCTUATIONS

(A) Prices shall be quoted in dollars and cents per barrel. The minimum price fluctuation shall be \$.01 (1 cent) per barrel.

200.06A Special Price Fluctuation Limits for Light Sweet Crude Oil Futures

(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 \$10.00 per barrel 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 nine (9) 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 CL 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 CL 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 CL 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 CL occurs on Globex, Floor Trading In CL 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

BZ	BRENT CRUDE OIL
CL	LIGHT SWEET CRUDE OIL
HO	NY HARBOR HEATING OIL
RB	NY HARBOR RBOB
LH	NY HARBOR ULTRA LOW SULPHUR DIESEL
LU	GULF COAST ULTRA LOW SULPHUR DIESEL
LR	GULF COAST GASOLINE
QEN	ETHANOL
RE	REBCO CRUDE OIL
QM	MiNY Crude Oil
QH	MiNY NY Harbor Heating Oil
QU	MiNY NY Harbor RBOB

200.07. TERMINATION OF TRADING

Trading in the current delivery month shall cease on the third business day prior to the twenty-fifth calendar day of the month preceding the delivery month. If the twenty-fifth calendar day of the month is a non-business day, trading shall cease on the third business day prior to the last business day preceding the twenty-fifth calendar day. In the event that the official Exchange holiday schedule changes subsequent to the listing of a Crude Oil futures, the originally listed

expiration date shall remain in effect. In the event that the originally listed expiration day is declared a holiday, expiration will move to the business day immediately prior..

200.11. 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 within 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.

200.12. GRADE AND QUALITY SPECIFICATIONS

Light sweet crude oil meeting all of the following specifications and designations shall be deliverable in satisfaction of futures contract delivery obligations under this rule:

(A) Domestic Crudes, (Deliverable at Par)

(1) Deliverable Crude Streams

West Texas Intermediate
Low Sweet Mix (Scurry Snyder)
New Mexican Sweet
North Texas Sweet
Oklahoma Sweet
South Texas Sweet

Blends of these crude streams are only deliverable if such blends constitute a pipeline's designated "common stream" shipment which meets the grade and quality specifications for domestic crude. TEPPCO Crude Pipeline, L.P.'s and Equilon Pipeline Company LLC's Common Domestic Sweet Streams that meet quality specifications in Rule 200.12(A)(2-7) are deliverable as Domestic Crude.

(2) Sulfur: 0.42% or less by weight as determined by A.S.T.M. Standard D-4294, or its latest revision;

(3) Gravity: Not less than 37 degrees API, nor more than 42 degrees API as determined by A.S.T.M. Standard D-287, or its latest revision;

(4) Viscosity: Maximum 60 Saybolt Universal Seconds at 100 degrees Fahrenheit as measured by A.S.T.M. Standard D-445 and as calculated for Saybolt Seconds by A.S.T.M. Standard D-2161;

(5) Reid vapor pressure: Less than 9.5 pounds per square inch at 100 degrees Fahrenheit, as determined by A.S.T.M. Standard D-5191-96, or its latest revision;

(6) Basic Sediment, water and other impurities: Less than 1% as determined by A.S.T.M. D-96-88

or D-4007, or their latest revisions;

(7) Pour Point: Not to exceed 50 degrees Fahrenheit as determined by A.S.T.M. Standard D-97.

(B) Foreign Crudes

(1) Deliverable Crude Streams

- U.K.: Brent Blend (for which seller shall be paid a 30 cent per barrel discount below the last settlement price)
- Nigeria: Bonny Light (for which seller shall be paid a 15 cent per barrel premium above the last settlement price)
- Nigeria: Qua Iboe (for which seller shall be paid a 15 cent per barrel premium above the last settlement price)
- Norway: Oseberg Blend (for which seller shall be paid a 55 cent per barrel discount below the last settlement price)
- Colombia: Cusiana (for which seller shall be paid 15 cent per barrel premium above the last settlement price)

(2) Each foreign crude stream must meet the following requirements for gravity and sulfur, as determined by A.S.T.M. Standards referenced in Rule 200.12(A)(2-3):

Foreign Crude Stream	Minimum Gravity	Maximum Sulfur
Brent Blend	36.4 API	0.46%
Bonny Light	33.8 API	0.30%
Qua Iboe	34.5 API	0.30%
Oseberg Blend	35.4 API	0.30%
Cusiana	34.9 API	0.40%

(4) In the event that a Federal U.S. Superfund tax and/or Oil spill tax is in effect at the time of delivery for foreign crude oil, the buyer shall reimburse seller for all such taxes as had been or will be paid by the seller.

No blends of foreign crude oil streams or foreign and domestic crude oil streams shall be deliverable.

200.14. DELIVERY

(A) Delivery shall be made F.O.B. at any pipeline or storage facility in Cushing, Oklahoma with pipeline access to TEPPCO, Cushing storage or Equilon Pipeline Company LLC Cushing storage. Delivery shall be made in accordance with all applicable Federal executive orders and all applicable Federal, State and local laws and regulations.

For the purposes of this Rule, the term F.O.B. shall mean a delivery in which the seller: (1) provides light sweet crude oil to the point of connection between seller's incoming and buyer's outgoing pipeline or storage facility which is free of all liens, encumbrances, unpaid taxes, fees and other charges; (2) in the event of the buyer's election to take delivery by interfacility transfer ("pumpover") to either TEPPCO, Cushing or Equilon Pipeline Company LLC, Cushing, from seller's delivery facility, bears the lesser of the pumpover charge applicable for pumpover from seller's delivery facility to TEPPCO or Equilon Pipeline Company LLC; and (3) retains title to and bears the risk of loss for the product to the point of connection between the buyer's outgoing and the seller's

incoming pipeline or storage facility.

(B) At buyer's option, such delivery shall be made by any of the following methods:

(1) By interfacility transfer ("pumpover") into a designated pipeline or storage facility with access to seller's incoming pipeline or storage facility.

(2) By in-tank transfer of title to the buyer without physical movement of product; if the facility used by the seller allows such transfer, or by in-line transfer or book-out if the seller agrees to such transfer.

(C) All deliveries made in accordance with these rules shall be final and there shall be no appeal.

(D) Any seller delivering less than 5 contracts for one customer shall deliver out of storage at the Equilon Pipeline Company LLC facilities, unless the buyer and seller mutually agree to exempt the seller from this requirement.

200.15. DELIVERY PROCEDURES

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

(1) Notice of Intention to Accept

Exchange Clearing Members having open long positions shall give the Clearing House a Notice of Intention to Accept delivery by 3:00 PM on the first business day after the final day of trading. The Notice of Intention to Accept in the form prescribed by the Exchange, which shall be properly completed and signed, shall indicate the name(s) of the buyer's customer(s), the number of contracts to be accepted, the buyer's preference of light sweet crude oil by origin (foreign or domestic) and such additional information as may be required by the Exchange. The indication of a preference by a buyer does not assure that the buyer actually will receive that preference.

(2) Delivery Instructions

On the first business day following Notice Day, the buyer shall give to the seller, with a copy to the Exchange, properly completed and signed Delivery Instructions in the form prescribed by the Exchange, which shall include the following information:

- (a) Name of seller;
- (b) Tender Number;
- (c) Name of the seller's designated crude stream (either a specific foreign crude oil stream(s) or domestic crude oil) specified in the Notice of Intention to Deliver;
- (d) Name of incoming pipeline or storage facility specified in the Notice of Intention to Deliver;
- (e) Number of contracts;
- (f) 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 of delivery and the quantity to be delivered);
- (g) Name of the outgoing pipeline or storage facility with access to the incoming pipeline or storage facility designated in the Notice of Intention to Deliver (buyer must confirm access with the incoming pipeline or storage facility designated in the Notice of Intention to Deliver);
- (h) For inter-facility transfers, name of receiving facility with access to the facility designated in the Notice of Intention to Deliver; and
- (i) Such additional information as may be required by the Exchange.

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

(1) Notice of Intention to Deliver

Exchange Clearing Members having open short positions shall give the Clearing House a Notice of Intention to Deliver by 3:00 PM the first business day after the final day of trading. The Notice of Intention to Deliver in the form prescribed by the Exchange, which shall be properly completed and signed, shall indicate the names of the seller's customers, the number of contracts to be delivered and whether the designated crude stream shall be domestic or a specific foreign crude oil stream. Seller shall designate qualified pipeline or storage facility, and shall also provide such additional information as may be required by the Exchange.

(2) Scheduling Notice

As soon as possible following determination of scheduling, but not later than the last business day of the month preceding the delivery month, seller shall give the buyer a Scheduling Notice in the form prescribed by the Exchange stating delivery time, with a copy to the Exchange.

(C) AMENDMENT OF DELIVERY INSTRUCTIONS

The foregoing notwithstanding, at any time prior to the last business day of the month, the buyer and the seller may, by mutual agreement, elect to change the delivery terms with respect to:

- (1) Method of delivery.
- (2) Timing of delivery.
- (3) Type and/or quality of crude oil to be delivered.
- (4) Designation of buyer's and/or seller's facility.

Any such change must be made on the form prescribed by the Exchange. Any changes made with respect to the foregoing must be made in conformance with all contract requirements and specifications.

(D) SETTLING PRICE: The last settling price shall be the basis for delivery.

(E) NOTICE DAY: The Clearing House shall allocate Delivery Notices and Notices of Intention to Accept by matching size of positions and considering the type of light sweet crude oil by origin 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 after the final day of trading.

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

(G) ALLOCATION OF FOREIGN CRUDE OIL

Shorts and Longs in foreign crude oil deliveries will be matched as follows:

- (1) Foreign crude oil will be assigned first to the longs indicating a preference for foreign crude oil. For such longs, foreign crude oil shall be allocated in order beginning with the largest preferences.
- (2) If there is more foreign crude oil than the quantity requested by the preferences, the balance after preferences are filled will be assigned to buyers with a minimum lot size of 60 contracts on a proportional basis, to the extent practicable.
- (3) Exchange staff, working with the pipelines, will retain authority to modify the above procedures to respond to practical and logistical issues as they arise.

200.16. TIMING OF DELIVERY

(A) Delivery shall take place no earlier than the first calendar day of the delivery month and no later than the last calendar day of the delivery month.

(B) It is the short's obligation to ensure that its crude oil receipts, including each specific foreign crude oil stream, if applicable, are available to begin flowing ratably in Cushing, Oklahoma by the first day of the delivery month, in accord with generally accepted pipeline scheduling practices.

(C) Transfer of title-The seller shall give the buyer pipeline ticket, any other quantitative certificates and all appropriate documents upon receipt of payment.

The seller shall provide preliminary confirmation of title transfer at the time of delivery by telex or other appropriate form of documentation.

200.17. DELIVERY MARGINS AND PAYMENT

(A) For the purposes of this Rule 200.17,

(1) "Payment Date" shall mean the twentieth day of the month following the delivery month or if such date is a Saturday or an Exchange or New York bank holiday other than Monday, payment shall be made on the preceding day which is not an Exchange or New York bank holiday. If such day is a Sunday or an Exchange or New York bank holiday which occurs on a Monday, payment shall be made on the next day which is not an Exchange or New York bank holiday;

(2) "Long" shall mean the customer of a long clearing member or the long clearing member if such clearing member is acting for its own account;

(3) "Short" shall mean the customer of a short clearing member or the short clearing member if such member is acting for its own account.

(B) On the third business day following the last day of trading, the long clearing member shall obtain from the long, if any, margin equal to the full value of the product to be delivered, not including any adjustment for discounts and premiums accounted for in Rule 200.17(E). Such margin shall consist of cash, securities issued by the United States Treasury Department maturing within ten (10) years from the date of deposit and guaranteed as to principal and interest by the United States Government or a letter of credit. Any Treasury securities so deposited shall be valued at ninety percent (90%) of the par value of such instruments. Any letter of credit so deposited shall be in a form approved by the Exchange, shall be issued or confirmed by an Exchange approved original margin depository, and shall be drawn in favor of the Exchange.

(C) The short clearing member shall obtain from the short, if any, margin in an amount fixed, from time to time, by the Board.

(D) The long clearing member and the short clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins which shall not be greater than the margins charged to the longs and the shorts, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.

(E) Not later than 12:00 o'clock noon on the third business day prior to the payment date, the short shall advise, by telex, the short clearing member of the name and address of the bank, and the name of the account to which payment shall be made. The short clearing member shall advise the long clearing member who shall advise the long. On the payment date, the long shall pay the short contract value, as defined in Rule 200.21(A)(4), by federal funds wire transfer to the account of the short at the bank nominated by the short. Not later than 12:00 noon (NY time) the long shall advise,

by telex, the long clearing member of the federal funds wire transfer number and the name of the sending bank. The long clearing member shall advise, by telex, the short clearing member who shall similarly advise the short.

(F) Not later than the business day following the payment date, the short, if any, shall advise the short clearing member of receipt of payment. The short clearing member shall deliver a notice of payment to the long clearing member with a copy to the Clearing House not later than the business day following the payment date. Upon receipt of such notice, the delivery shall be complete.

(G) Any payment made on payment date shall be based on volume actually delivered determined at sixty degrees (60) fahrenheit. If quantitative results are unavailable prior to the time established in the Rules for payment of the product, a pro-forma payment based on 1,000 U.S. barrels per contract shall be made. Similarly, if the quality inspection is unavailable, a pro-forma payment based on par qualities shall be made. Payment adjustments based on the actual quality or quantity transferred shall be completed by 12:00 noon on the fifth business day after initial payment.

(H) In the event that the short clearing member receives notification that payment has not been received, it shall advise the Exchange in writing. On the following business day, unless the long or long clearing member has advised the Exchange in writing that the short failed to deliver, the Exchange shall liquidate the margins held and, when the liquidation is complete, shall pay the short clearing member which shall pay its customer, if any. If the long or the long clearing member has advised the Exchange in writing that the short failed to deliver, the matter shall be referred to the Petroleum Delivery Committee for resolution.

200.18. 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, check or any document or instrument delivered pursuant to these rules.

200.19. INSPECTION

(A) Inspection of product shall be conducted in accordance with pipeline practices.

(B) A buyer or seller may appoint an Inspection Company to inspect the quality of product delivered. The buyer or seller who requests inspection shall notify the seller or buyer that such inspection will take place. The buyer or seller who requests inspection will pay the costs of the inspection.

200.20. EXCHANGE OF FUTURES FOR, OR IN CONNECTION WITH PRODUCT

(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 and seller of the futures must be the seller and buyer 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 for below, an EFP must take place during the hours of futures trading for Light Sweet Crude Oil 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 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, Product (EFP) shall be governed by the provisions of Rule 6.21.

(D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFP transaction. All documentary evidence relating to the exchange, 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 the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request.

(E) A report of such 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.

200.20A. 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 Light Sweet Crude Oil 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 6.21A.

(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.

200.20B. ALTERNATIVE DELIVERY PROCEDURE

A seller or buyer may agree with the buyer or seller with which it has been matched by the Exchange under Rule 200.15(E) 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.

200.21. FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM

(A) Definitions

- (1) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of the buyer or seller, and which prevents the buyer or seller from making or taking delivery of product or effecting payment when and as provided for in this Chapter.
 - (2) "Late Performance" shall mean the failure of a long, as defined in Rule 200.17, to make payment on the payment date as defined in Rule 200.17(A)(1).
 - (3) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of Crude Oil in accordance with the requirements set forth in Rules 200.02, 200.04, 200.12, 200.13, 200.14, 200.16, and 200.19.
 - (4) "Contract Value" means the amount equal to the settlement price on the last day of trading in a futures contract times one thousand (1,000) times the number of contracts to be delivered, plus or minus any discount or premium set forth in Rule 200.12(C)(2).
- (a) "Party" means a buyer or a seller;
 - (b) "Other party" means the corresponding buyer when a seller has failed to perform and the corresponding seller when a buyer has failed to perform.

(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 obligation;
- (3) When a long, as defined in Rule 200.17, is late in performance, the buyer shall be liable to the seller for any damages awarded pursuant to Section (E) for this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.
- (4) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) Delivery Committee

- (1) Force Majeure and Failure to Perform shall be determined by a Panel of the Delivery Committee as set forth below.
- (2) The Chairman of the 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 a party to the delivery has failed or may fail to perform;
 - (b) upon the written request of both the buyer and seller;
 - (c) when the President or any person designated by the President requests such appointment; or
 - (d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time, site, and in the manner designated by the parties.
- (3) The Chairman shall not appoint to any Panel any person who has a direct or indirect interest in

the delivery in question. Each Panel Member shall disclose to the Chairman any such interest which might preclude such Panel Member from rendering a fair and impartial determination. 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.

(4) The Panel shall meet within one business day, or as soon thereafter as is reasonably practicable, of its notification of the circumstances set forth in Section (2). Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or a seller 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.

(5) Upon a finding of a failed performance, the Panel shall:

(a) in the case of a failure to perform by a seller: (i) notify the President of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.

(b) in the case of a failure to perform by a buyer: (i) notify the President of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to the buyer in an amount equal to the original margin then in effect for a Crude Oil futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.

(6) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:

(a) grant an extension of time for delivery up to two months from the scheduled time;

(b) change a delivery site provided that the seller has deliverable product at the new site or will have deliverable product at such site in time for delivery, and provided further, that the site as modified conforms with Rule 200.14(A) and (D);

(c) modify the method of delivery provided that the method as modified conforms with Rule 200.14(B).

(d) allocate deliveries,

(e) modify the method or timing of payment, or

(f) refer the matter to the Board of Governors for consideration of emergency action pursuant to Article 7.

(D) EXCHANGE ACTION

(1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Compliance Department, shall issue a Notice of Assessment specifying the findings of the Panel with respect to the failed delivery and assessing a penalty of twenty percent of the contract value against such party to be paid to the Exchange.

(2) Whenever a long is late in performance, the Compliance Department shall issue a Notice of Assessment assessing a penalty to the buyer of \$1,000.

(3)(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 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 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 the 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 within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties 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.

(4) 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.

(5) 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 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.

(6) 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 date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.

(7) 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 a buyer and a seller 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 failed performance. Unless good cause for delay exists, 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.

(3) The Arbitration will be governed by the Exchange Arbitration 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.

200.23. REFERENCES TO SELLER AND BUYER

(A) Except with respect to Rules 200.20 and 200.20A, the terms "seller" and "buyer" shall mean the short Clearing Member and the long Clearing Member respectively.

(B) In Rules 200.20 and 200.20A, the terms "seller" and "buyer" shall mean the seller and buyer of the physical product.

200.24. TIME REFERENCES

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