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## **Chapter 7 Delivery Facilities and Procedures**

### **GENERAL**

#### **700. SCOPE OF CHAPTER**

Deliveries and delivery facilities shall be governed by this chapter and, where applicable, the chapter which includes the contract specifications for the commodities being delivered and such other requirements as the Exchange may prescribe.

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

#### **701. DECLARATIONS OF FORCE MAJEURE**

If a determination is made by the Chief Executive Officer, Chairman, Chief Operating Officer, or Chief Regulatory Officer, or their delegate, that delivery or final settlement of any contract cannot be completed as a result of Force Majeure, he shall take such action as he deems necessary under the circumstances, and his decision shall be binding upon all parties to the contract. The Exchange shall notify the CFTC of the implementation, modification or termination of any action taken pursuant to this Rule as soon as possible after taking the action.

It shall be the duty of clearing members, members and regular facilities to notify the Exchange of any circumstances that may give rise to a declaration of Force Majeure.

Nothing in this Rule shall in any way limit the authority of the Board of Directors to act in a Force Majeure situation pursuant to Rule 230.k.

#### **702. CLEARING MEMBER DUTIES TO THE CLEARING HOUSE**

Every clearing member carrying open long or short positions shall present to the Clearing House each business day an accurate inventory of such open positions. The inventory of open long and short positions shall be reported to the Clearing House in such manner and at such times as the Clearing House may prescribe.

A clearing member carrying an account that is required to make or accept delivery agrees to guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules, including the requirement that delivery margin must be deposited with the Clearing House in such amounts and in such form as required by the Exchange.

In the event a clearing member fails to perform its delivery obligations to the Clearing House, such failure may be deemed a default pursuant to Rule 802. In a delivery failure, the Clearing House shall ensure the financial performance to the clearing member whose actions or omissions did not cause or contribute to the delivery failure (the "Affected Clearing Member"). In this regard, the Clearing House powers will include, but will not be limited to, the right to sell or liquidate the commodity subject to delivery and to distribute the proceeds as appropriate. "Financial performance" means payment of the commercially reasonable costs of the Affected Clearing Member related to replacement of the failed delivery and includes any related fines, penalties and fees incurred by the Affected Clearing Member and does not include physical performance or legal fees.

An Affected Clearing Member seeking financial performance from the Clearing House shall provide prompt notice to the Clearing House of the delivery failure and a good faith estimate of any financial performance being sought no later than 1 hour after the delivery deadline for the respective product, which may be extended upon request by the Affected Clearing Member by the Global Head of Clearing & Post-Trade Services or their designee due to extenuating circumstances. As soon as reasonably practicable thereafter, the Affected Clearing Member seeking financial performance shall provide to the Clearing House a detailed statement, with supporting documentation, of all amounts sought.

### **DELIVERY FACILITIES AND PROCEDURES FOR AGRICULTURAL COMMODITIES AND ETHANOL**

#### **703. REGULAR WAREHOUSES AND SHIPPING STATIONS**

##### **703.A. Conditions for Approval**

Warehouses or shipping stations (hereafter "facilities") may be declared regular for delivery with the approval of the Exchange. Persons operating facilities who desire to have such facilities made regular for delivery under the Rules of the Exchange shall make application for an initial Declaration of

Regularity on a form prescribed by the Exchange prior to May 1 of an even-numbered year (an odd-numbered year for Denatured Fuel Ethanol futures), for a two-year term beginning July 1 of that year, and at any time during a current term for the balance of that term.

Applications for a renewal of regularity shall be made prior to May 1 of even-numbered years (odd-numbered years for Denatured Fuel Ethanol futures) for the respective years beginning July 1 of those years, and shall be on the same form.

Facilities that desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form.

Initial regularity and increases in regularity for delivery against a listed futures contract shall be effective either thirty days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

Facilities regular for delivery of corn, soybeans, soybean oil, soybean meal, denatured fuel ethanol or SRW Wheat facilities in the St. Louis-Alton Territory, on the Ohio River, or on the Mississippi River that desire to have their daily rate of loading decreased shall file with the Exchange a written request for such decrease at which time a notice will be posted by the Exchange. The decrease in the daily rate of loading for the facility will become effective thirty days after a notice has been posted by the Exchange or the day after the number of outstanding shipping certificates or warehouse receipts at the facility is equal to or less than 20 times the requested rate of loading (15 times the requested rate of loading for soybean meal and denatured fuel ethanol), whichever is later.

Regular facilities that wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall become effective once a notice has been posted by the Exchange.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary. The application for regularity prescribed by the Exchange shall set forth conditions of regularity as well as other agreements with which the operator of the regular facility shall comply. In addition to any conditions and agreements contained in such application or in the relevant product chapter, the following shall constitute conditions for regularity and requirements with which the operator of a regular facility shall comply:

(1) The facility making application shall be inspected by the Exchange, the United States Department of Agriculture, or other government agency, as applicable. Where application is made to list as regular a facility which is not regular at the time of such application, the applicant may be required to remove all product from the facility and permit the facility to be inspected and the product graded, after which such product may be returned to the facility.

(2) The operator of such facility shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Rule 708. No facility shall be declared regular until the person operating the facility files a bond and/or designated letter of credit with sufficient sureties, or deposits with the Exchange, U.S. treasury securities, or other collateral deemed acceptable to the Exchange, in such sum and subject to such conditions as the Exchange may require. Any such sums shall be reduced by SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii) and (viii). If the facility deposits treasury securities or any other collateral with the Exchange, it must execute a security agreement on a form prescribed by the Exchange.

(3) The facility shall be provided with modern improvements and appliances for the convenient and expeditious receiving, handling and shipping of product in bulk.

(4) The operator of the facility shall comply with the system of registration of warehouse receipts or shipping certificates as established by the Exchange.

(5) The operator of the facility shall furnish accurate information to the Exchange regarding all product received and delivered by the facility on a daily basis and/or that product remaining in store at the close of each week, as required by the Exchange.

(6) The operator of the facility shall promptly advise the Registrar of any damage to product held in store by it, whenever such damage shall occur to an extent that will render the product undeliverable.

(7) The operator of the facility shall permit the Exchange, at any time, to examine the books and records of the facility, for the purpose of ascertaining the stocks of all kinds of product which may be on hand. The Exchange shall have the authority to determine the quantity of product in the facility and to compare the books and records of the facility with the records of the Exchange.

(8) The operator of the facility shall make such reports, keep such records and permit such facility visitation as the Exchange, the Commodity Futures Trading Commission or any other applicable government agency may require.

(9) The operator of the facility shall give assurance that all product tendered in satisfaction of futures

contracts shall be weighed, as applicable, under the supervision of a party approved by the Exchange.

(10) The operator of the facility shall not engage in unethical or inequitable practices, and shall comply with all applicable governmental laws, federal or state statutes, rules or regulations.

(11) Persons operating regular facilities shall be subject to the Rules of the Exchange, the disciplinary procedures set forth in Chapter 4, and the arbitration procedures set forth in Chapter 6, and shall abide by and comply with the terms of any disciplinary decision imposed or any arbitration award issued against it pursuant to the Rules of the Exchange.

(12) Persons operating regular facilities shall consent to the disciplinary jurisdiction of the Exchange for five years after such regularity lapses, for conduct which occurred while the facility was regular.

The Exchange, in its sole discretion, may determine not to approve facilities for regularity, or for increases in regular capacity of existing regular facilities, regardless of whether such facilities meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion include, among others, whether warehouse receipts or shipping certificates issued by such facilities, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of futures contracts or impair the efficacy of futures trading in the relevant market, or whether the currently approved regular capacity provides for an adequate deliverable supply.

(13) In addition, any facility (warehouse or elevator) regular for delivery of wheat against the KC HRW Wheat futures contract:

- (a) must be located in either the State of Missouri or the State of Kansas;
- (b) must be licensed as a public warehouse under the laws of the State of Missouri or Kansas, or under the United States Warehouse Act;
- (c) must have a storage capacity of not less than one hundred thousand (100,000) bushels;
- (d) must be so situated that it is connected by railroad tracks with one (1) or more railway lines within the switching district as described in railroad tariffs of the city in which the elevator is located;
- (e) must be equipped to load covered hopper rail cars. The facility shall file with the Exchange, stating in bushels, the eight (8) hour load-out capacity of the facility for a five (5) day work week. This load-out capacity must at least meet the minimum load-out required for deliveries on shipping certificates (See Rule 703.C below). Further, the facility shall notify the Exchange of any change in such load-out capacity.

(14) In addition, for any facility (warehouse) regular for delivery of rice against the Rough Rice futures contract:

- (a) the warehouse shall at all times meet standards of construction, sanitation and dust control, insurability and physical maintenance applicable generally to commercial warehouses;
- (b) it shall be situated with respect to transportation facilities deemed adequate by the Exchange;
- (c) it shall be located in such states and counties as the Exchange may designate from time to time as delivery locations for rough rice;
- (d) it shall maintain all licenses required by state or federal law;
- (e) it shall have standard equipment and appliances for the convenient and expeditious receiving, handling and shipping of rough rice in bulk, in railroad cars, and in trucks, and shall be properly safeguarded and patrolled;
- (f) it shall file its tariffs listing in detail the maximum charges for the handling and storage of rough rice and thereafter it shall file with the Exchange any proposed changes in such tariffs. The effective date of the change will be on the first day of the month that follows a two-month time period after the day a written notice of the change is received by the Exchange;
- (g) it shall not fail to be operated in accordance with accepted commercial practices or fail to comply with governmental statutes, rules governing warehouses and the commodities stored therein;

#### **703.B. Strike Bound Facility**

A regular facility or an owner of shipping certificates or warehouse receipts can tender for delivery in a strike bound facility. The taker of delivery is liable for all premium, storage, or administrative charges. However, where the owner of shipping certificates or warehouse receipts in a strike bound facility delivered against futures contracts has a bona fide bid for like shipping certificates or warehouse receipts in a strike free facility and decides to load the grain out or sell his shipping certificates or warehouse receipts the strike bound warehouseman has the option:

- (a) to provide that same quantity and like quality of grain in store in another regular facility, not on strike, in the same delivery market, or
- (b) to provide that same quantity and like quality of grain in store at another location on mutually acceptable terms. If no initial agreement can be reached, the strike bound warehouseman must buy his shipping certificates or warehouse receipts back at the bid price in store for that same quantity and like quality of grain in a strike free facility in the same delivery market or he has the alternative of proceeding as in (a) above. The bid (which must be a basis bid versus futures settlement) referred to in this paragraph must be good for a minimum period of one hour and must be tendered in writing to the strike bound warehouseman between market close and 4:30 p.m. on a business day. The warehouseman must respond to the bid within the time period during which the bid is alive.

Within the context of this Rule, a strike bound warehouse is defined as the facility itself being on strike.

### **703.C. Load-Out**

- A. Load-Out Procedures for Corn, SRW Wheat, Oats, Soybeans and KC HRW Wheat and Rough Rice
  - 1. Corn, SRW Wheat, Oats and Soybeans: An operator of a regular facility has the obligation to load grain represented by shipping certificates giving preference to takers of delivery. When an operator of a facility regular for the delivery of grain receives one or more written loading orders for loading of grain against canceled shipping certificates, the operator shall be required to load out grain beginning on the third business day following receipt of such loading orders or one business day after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later. When loadings against written loading orders cannot be completed on the fourth business day following their receipt, the operator shall continue loading against such loading orders on each business day thereafter. All warehousemen and shippers shall outload grain against canceled delivery instruments consecutively without giving preference based on the type of delivery instrument, kind of grain or mode of transportation. A warehouseman or shipper shall outload all such products in the order in which suitable transportation, clean and ready to load is constructively placed at its facility by the holder of the shipping certificate, pursuant to bona fide loading orders previously received, and at the loading rates provided in 703.C.(B).
  - 2. KC HRW Wheat: Within five (5) business days after the receipt of the loading order request, the operator of the regular facility for KC HRW Wheat shall commence loading all applicable rail equipment that has been actually placed or constructively placed to the delivering elevator at the applicable daily/weekly rate pursuant to Rule 703.C.B. below. The cars are to be loaded in the order they are placed and applied to the respective loading instruction in the order they were furnished. However, in the event cars for more than one set of loading instructions are on constructive placement, the loading elevator shall be required to order from constructive placement those cars furnished for the earliest loading request.
    - (a) Deoxynivalenol (Vomitoxin) Restriction: When shipping certificates are surrendered to the issuer for load-out pursuant to Rule 703.C, the taker of delivery shall have the option to, at taker's expense, request in such written load-out instructions that the wheat contain no more than 2.0 ppm (two parts per million) of deoxynivalenol. A determination of the level of deoxynivalenol shall be made at the point of origin by the Federal Grain Inspection Service or such other third-party inspection service mutually agreeable to the maker and taker of delivery. The determination of the level of deoxynivalenol shall be based on the average test results of the wheat loaded in a single day from a single facility for each taker of delivery.
    - (b) Evidence: In case the holder of shipping certificates elects, in the notice given, to have the issuer order the cars necessary for the loading requested, or in the event that railroad companies will furnish empty cars only on the order of elevator operators, the issuer shall immediately place an order with the railroad for all of such cars as the notice specifies and furnish to the holder the railroad order number or other communication from the respective railroad company giving satisfactory evidence that the cars have been ordered.
  - 3. Rough Rice: Load-outs shall begin no later than the third business day following the day on which one or more loading instructions are given to the warehouseman; provided, however, that the withdrawing party has within that period furnished rail cars or trucks to receive the rice. The warehouseman, upon receipt of the canceled shipping certificates by his agent and loading instructions from the owner by 2:00 p.m. on a given day, shall notify the owner in writing by 4:00 p.m. on that given day of the scheduled day for load-out. The daily tariff, load-out rate and the amount of tonnage which is scheduled for load-out before owner's load-out

shall also be provided in the notification. The certificate owner may request and receive from the warehouseman on any given day prior to load-out specifications containing the amount of tonnage remaining before owner's equipment is loaded.

The warehouse operator shall be permitted a two pound deviation above or below the yield of head rice shown on the shipping certificate issued for delivery on the contract. The warehouse operator shall also be permitted a two pound deviation above or below the total milling yield shown on the shipping certificate issued for delivery on the contract.

The warehouse operator is responsible, during load-out, for maintaining the milling yield of rice specified on the shipping certificate, within the stated allowable deviations, for the total quantity of rice represented by the shipping certificate and not for sub-lots (i.e. truckloads) of the shipping certificate. The warehouse operator is also responsible, during load-out, for maintaining the numerical grade of rice specified on the shipping certificate, however, the numerical grade for sub-lots (i.e., truckloads) shall be no more than one numerical grade below the deliverable grade specified in Rule 17101. Averaging the grade or milling yield of multiple certificates is not permissible.

When the rough rice is loaded-out, the warehouse operator will be reimbursed by the buyer in cash if the total milling yield or the yield of head rice of the rice loaded out is over the total milling yield or the yield of head rice listed on the shipping certificate (up to two pounds).

Conversely, the warehouse operator will reimburse the buyer in cash if the total milling yield or the yield of head rice of the rice loaded out is under the total milling yield or the yield of head rice listed on the shipping certificate (up to two pounds). Calculations shall be made daily for each certificate loaded out that day and shall be based on the premium and discount schedule specified in Rule 17101. Adjustments on the milling yield of head rice shall be based on an official test.

Both the buyer and the warehouseman will provide for an analysis of the rough rice for grade and milling yield. If there is a disagreement, then a duplicate sample taken at origin shall be analyzed by the Federal Grain Inspection Service (FGIS), or a mutually agreed-upon third party to resolve the disagreement.

It shall be the duty of operators of all regular warehouses to inspect the transportation facilities furnished by the negotiable certificate holder. If, in the warehouseman's judgment, cleaning is necessary, he shall immediately notify the certificate holder and thereafter abide by the holder's instructions.

Notwithstanding the above, the buyer retains the right, at his expense, to an official sampling and analysis by FGIS, or a mutually agreed-upon third party, at origin, of rough rice loaded-out at any time. Warehousemen shall retain samples for at least 30 calendar days.

4. It shall be the responsibility of the shipping certificate holder to supply suitable transportation. Hopper cars shall be considered suitable transportation if they can be sampled by pelican in a manner approved by the appropriate grain sampling agency. Trucks and non-suitable hopper cars may be loaded only with the express agreement of the warehouseman. For Rough Rice, trucks are suitable transportation. For KC HRW Wheat, the facility may order suitable transportation as indicated in (d) below.

Constructive placement at a warehouse or shipping station shall be defined as follows:

- (a) Rail cars - as defined in the appropriate Railroad Freight Tariff on file with the Interstate Commerce Commission;
- (b) Barges - Positioned at an appropriate fleeting service serving the designated delivery point as defined by the Barge Freight Trading Rules (Affreightment) of the National Grain and Feed Association;
- (c) Vessels - In possession of the appropriate Federal Grain Inspection Service and/or National Cargo Bureau documents certifying readiness to accept load-out at the designated delivery point.
- (d) Rail Cars for KC HRW Wheat - the issuer of shipping certificates shall be responsible for ordering, in writing, the cars necessary for the shipment ordered to be loaded against such shipping certificates and shall give a copy thereof to the holder. However, the holder may elect, in writing, to furnish cars to the elevator to expedite shipment and shall give notice to the loading elevator accordingly. Cars furnished by the taker on delivery shall apply against the delivering elevator's empty car order. Any charges incurred for the ordering or cancellation of car orders made at the request of the holder by written instructions shall be for the account of the holder.

It shall be the responsibility of the holder of the shipping certificate to request the warehouseman to arrange for all necessary Federal Grain Inspection Service and stevedoring service, as applicable. The shipping certificate holder, where applicable, may specify the stevedoring service to be called. The warehouseman shall not be held responsible for non-availability of these services.

**B. Load-Out Rates and Load-Out Charges for Corn, SRW Wheat, Oats, Soybeans and KC HRW Wheat, and Rough Rice.**

The maximum premium for FOB conveyance on corn, soybean, SRW Wheat and oat shipping certificates which have been tendered in satisfaction of Exchange futures contracts shall be 6 cents per bushel.

The maximum load-out fee for regular KC HRW Wheat elevators on grain delivered on futures contracts is established at 8 cents per bushel.

The maximum load-out fee, which includes loading and weighing, for regular rough rice warehouses on grain delivered on futures contracts shall be 22.222 cents per cwt.

All fees for stevedoring services to load corn, soybeans, and SRW Wheat into barges are to be paid by the issuer of the shipping certificate. The premium for FOB conveyance is payable at the time of invoice.

With the exception of KC HRW Wheat, in the event a regular facility receives written loading orders for load-out of grain against canceled shipping certificates, the warehouseman or shipper shall be required to load out grain beginning on the third business day following receipt of such loading orders or on the day after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later.

The rate of load-out for regular facilities in Minneapolis-St. Paul (and Duluth-Superior effective September 2008) shall be at the normal rate of load-out for the facility. The load-out rate for shipping stations in Toledo shall depend on the conveyance and shall not be less than the following, per business day:

	(When shipping certificate holder requests, in writing, individual weights and grades per car load)	(When shipping certificate holder Requests, in writing, unit average weights and grades) <sup>1</sup>	Vessel
Shippers with Regular Capacity Greater than 700 Shipping Certificates	50 Hopper Cars <sup>2</sup>	65 Hopper Cars	300,000 Bushels
Shippers with Regular Capacity Less than or equal to 700 Shipping Certificates	25 Hopper Cars	35 Hopper Cars	300,000 Bushels

The load-out rate for regular facilities in Chicago and Burns Harbor shall depend on the conveyance and type of grain being loaded and shall not be less than the following per business day:

	(When shipping certificate holder requests, in writing, individual weights and grades per car load)	(When shipping certificate holder requests, in writing, batch weights and grades) <sup>3</sup>	(When shipping certificate holder requests, in writing, unit average weights and grades)	Vessel	Barge
Corn, Soybeans	25 Hopper Cars	35 Hopper Cars	N/A	300,000 Bushels	3 Barges
SRW Wheat	25 Hopper Cars	35 Hopper Cars	45 Hopper Cars	300,000 Bushels	3 Barges
Oats	15 Hopper Cars	20 Hopper Cars	N/A	180,000 Bushels	2 Barges

<sup>1</sup> Unit average weight and grade shall refer to a buyer's request in writing for average weight and average grade per unit rail shipment.

<sup>2</sup> Minimum load-out rates per hopper car shall refer to 4750 cu. ft. grain cars.

<sup>3</sup> A batch weight and grade shall refer to a buyer's request in writing for 1 weight and 1 grade per 5 rail cars.



The load-out rate for regular SRW Wheat facilities in the Northwest Ohio territory shall not be less than the following per business day:

	(When shipping certificate holder requests, in writing, individual weights and grades per car load)	(When shipping certificate holder requests, in writing, unit average weights and grades)
SRW Wheat	65 Hopper Cars	75 Hopper Cars

The load-out rate for regular SRW Wheat facilities in the St. Louis-Alton Territory and on the Ohio and Mississippi Rivers shall not be less than one (1) barge per business day.

Barge load-out rates for corn, soybeans, and SRW Wheat in facilities in the St. Louis-Alton Territory and on the Ohio and Mississippi Rivers will be at the shipping station's registered daily rate of loading. When SRW Wheat and corn or soybeans, or when corn or soybeans are in the lineup for loading, the higher loading rate will apply for total barge loadings on that day. However, a warehouseman or shipper is not obligated to load barges of one type of grain that exceeds the daily barge loading rate for that type of grain. Corn and soybeans are considered one type of grain for purposes of this Rule pertaining to barge loading rates.

The Exchange shall post a notice of the load-out rate for each facility declared regular for delivery of KC HRW Wheat whose load-out rate is above the minimum thirty (30) cars per day.

The published load-out requirement for KC HRW Wheat is to remain in effect through the close of business on the last delivery day of the next following contract month, at which time the new load-out rate will be determined based on the outstanding bushels under registration as of the last delivery day of the next following contract month and the daily and weekly load out requirements in the table below.

KC HRW Wheat under Shipping Certificate Delivered but Not Loaded Out	Load-Out Requirements In-Hopper Cars	
	Daily	Weekly
Up to 3,000,000 Bushels	30	150
3,005,000 to 4,000,000 bu.	40	200
4,005,000 to 5,000,000 bu.	50	250
Each Like Increment up, Add	10	50

The warehouseman for rough rice shall be required to load out rice at the normal rate of load-out for the facility, but not less than 20 trucks or its equivalent weight loaded out in rail cars per business day, and shall be able to load out the warehouse's entire regular capacity in 45 calendar days or less. A party taking delivery shall receive the quantity ordered loaded out as soon as reasonably possible but no more than 45 calendar days after load-out begins. If the withdrawing party fails to constructively place sufficient conveyance to meet the warehouse's daily rate of loading, and another party in the line-up has constructively placed conveyance, the warehouse shall begin loading against the second party up to the warehouse's normal daily rate of load-out. For a withdrawing party who has failed to constructively place sufficient conveyance for the quantity of rough rice ordered out, the warehouse shall load out any remaining material as soon as reasonably possible, but not at the expense of other futures load-out parties in the line-up whose loading date has arrived and who have constructively placed conveyance.

In addition, rough rice regular warehouses shall not be required to meet the minimum load-out rate for rail cars when rail cars have been constructively placed for load-in prior to constructive placement of rail cars for load-out. However, when rail cars for load-out are constructively placed after rail cars for load in, the warehouse will load-in rough rice from the rail cars at the normal rate of load-in for the facility. This rate shall not be less than the equivalent weight of 20 trucks loaded-in from rail cars.

Regular facilities shall not be required to meet these minimum load-out rates when transportation has not been actually placed at the warehouse, transportation equipment is not clean and load ready, inspection services are not available, a condition of Force Majeure exists, inclement weather, including severe ice conditions, prevents loading, or stevedoring services are not available in the case of water conveyance. However, the exceptions to load-out requirements shall not include grains or oilseeds which have not made grade. If precluded from loading when equipment is available, the warehouseman or shipper shall notify the owner by 10:00 a.m. the following business day.

In addition, regular facilities in Toledo, Minneapolis-St. Paul (and Duluth-Superior effective September 2008) shall not be required to meet the minimum load-out rate for a conveyance when a "like" conveyance has been constructively placed for load-in prior to the "like" conveyance for load-out. However, when a conveyance for load-out is constructively placed after a "like" conveyance for load-in, the facility will load-in grain from the "like" conveyance at the normal rate of load-in for the facility. This rate of load-in shall depend on the conveyance(s) being unloaded and shall not be less than the following minimums per business day:

	Rail Conveyance or Water Conveyance		
		Vessel	Barge
Corn, Soybeans, SRW Wheat	35 Hopper Cars	50,000 Bushels	1 Barge
Oats	20 Hopper Cars	50,000 Bushels	1 Barge

Regular facilities shall not be required to meet these minimum load-in rates when a condition of Force Majeure exists, inspection services are not available, inclement weather prevents unloading, or stevedoring services are not available in the case of water conveyance.

Any increased overtime costs and charges for trimming and FGIS to meet minimum load-out requirements shall be borne by the facility.

Vessel loading shall require three days pre-advance to the regular facility prior to the date of arrival of the vessel. Failure to provide pre-advance may delay loading by the same number of days pre-advance is delayed prior to the date of arrival of the vessel.

Inability of a shipping certificate holder to provide conveyance at a regular facility in a timely manner will affect load-out of barges accordingly.

For purposes of this Rule, vessels and barges are "like" conveyances.

**C. Notification to Regular Facilities**

The operator of the regular facility shall load-in and load-out grains in the order and manner provided in parts A and B of this Rule 703.C., except that its obligation to load-out grain, excluding KC HRW Wheat, to a given party shall commence no sooner than three business days after it receives cancelled warehouse receipts or shipping certificates and written loading orders from such party, even if such party may have a conveyance positioned to accept load-out of grain before that time. If the party taking delivery presents transportation equipment of a different type (rail, barge, vessel, or truck) than that specified in the loading orders, he is required to provide the operator of the regular facility with new loading orders, and the operator of the facility shall be obligated to load-out grain, excluding KC HRW Wheat, to such party no sooner than three business days after it receives the new loading orders. Written loading orders received after 2:00 p.m. on a given business day shall be deemed to be received on the following business day. Warehouse receipts or shipping certificates cancelled after 4:00 p.m. shall be deemed to be cancelled on the following business day. Written loading orders must be received no later than two business days after warehouse receipts/shipping certificates are cancelled. If the owner decides against loading out grain within two business days after warehouse receipts or shipping certificates are cancelled, he may notify the warehouseman/shipper that warehouse receipts or shipping certificates are to be re-issued. Requests to re-issue warehouse receipts or shipping certificates more than two business days after warehouse receipts or shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.

The warehouseman/shipper shall transmit to the Registrar by 11:00 a.m., the name, location of regular facility, and number of delivery vessels/barges/rail cars constructively placed that day. The Registrar shall maintain a current record of the number of delivery vessels/barges/rail cars constructively placed and shall be responsible for posting this record on the Exchange website.

**D. Premium Charges**

With the exception of rough rice, premium charges for corn, SRW Wheat, KC HRW Wheat, oats and soybeans to be shipped pursuant to loading orders shall cease on the business day loading is complete.

**E. Records**

All warehousemen and shippers shall keep adequate permanent records showing compliance with the requirements of this Rule. Such records shall at all times be made available for inspection by the Exchange.

**F. Certification of Corn, Soybeans, SRW Wheat and KC HRW Wheat**

Upon written request by a taker of delivery at the time loading orders are submitted for the delivery of corn, soybeans, SRW Wheat or KC HRW Wheat against canceled shipping certificates, the regular facility shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded, that the grain is of U.S. origin only.

**G. Barge Load-Out Procedures for Corn, Soybeans, and SRW Wheat at facilities in the St. Louis-Alton Territory and on the Ohio and Mississippi Rivers**

When corn, soybeans, or SRW Wheat represented by shipping certificates are ordered out for shipment by water conveyance, the regular shipper has the obligation to load-out grain at his registered daily rate of loading. The shipper's obligation to a party shall begin no sooner than three business days after it receives canceled shipping certificates and written loading orders from the party or one business day after the constructive placement of the water conveyance, whichever is later.

(1) All loading orders and shipping instructions received by 2:00 p.m. on a given business day shall be considered dated that day. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day. "To be nominated" (TBN) barge identities are acceptable in loading orders. Load-out shall be in the order in which barge equipment, clean and ready to load, is constructively placed at the appropriate fleeting service serving the designated delivery point. Load-out of transportation constructively placed on the same day shall be in the order in which loading orders and shipping instructions were received. Notification to the shipper of loading orders and shipping instructions must be in writing.

(2) When loading orders and shipping instructions are received by 2:00 p.m. on any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of the scheduled loading dates. Scheduled loading dates are estimated based on constructively placed equipment and current loading orders. These dates are subject to change if conditions covered in Rule 703.C.(G)(5) preclude the shipper from meeting its minimum daily barge load-out rate or if barges for subsequent loading orders are constructively placed. Notification will be by telephone, e-mail, or fax to the owner. The shipper is required to provide scheduled loading dates at owner's request.

(3) Official grades as loaded into the water conveyance shall govern for delivery purposes.

(4) Official weights as loaded into the barge shall govern for delivery purposes when available. When official weights are available at the shipping station, the shipping certificates are considered a minimum/maximum quantity with overfills/underfills settled by mutual agreement. When official weights as loaded into the barge are not available, it is the responsibility of the taker to obtain official weights at the destination. Any other governing weights and methods of obtaining weights and any such other information on the weighing process must be mutually accepted by the maker and taker of delivery before the barge is loaded. When the official weight becomes known for a barge, overfills and underfills will be settled at the market value, expressed as a basis, for grain FOB barge at the barge loading station on the day that the grain is loaded. Before the barge is loaded, the taker and maker of delivery will agree on a basis over or under the nearby futures at which overfills and underfills will be settled. On the day that the weight tolerance becomes known to both parties, the flat price settlement will be established by applying the basis to the nearby futures month settlement price on the day of unloading or the day of loading if origin weights are used. If the day of unloading is the last trading day in the nearby futures month, the next following futures month will be used for settlement. If the day of unloading is not a business day, the next following business day will be used to establish the flat price. In order to convert the agreed upon basis on the day that the grain was loaded to a basis relative to the current nearby futures month, the futures spread on the day of loading will be used, provided that, the nearby futures did not close outside of the price limits set for all other futures months. In this case, the spread on the first following business day that the nearby futures closed within the price limits applicable for all other futures months would be used.

(5) The shipper shall not be required to meet its minimum daily barge load-out rate when transportation has not been actually placed at the shipping station, transportation equipment is not clean and load ready, inspection services are not available, or inclement weather, including severe ice conditions, prevents loading. However, the exceptions to load-out requirements shall not include corn, soybeans, or SRW Wheat that have not made grade. If precluded from loading when equipment is available, the shipper shall notify the owner by 10:00 a.m. the following business day. Notification shall be by telephone, e-mail or fax to the owner.

(6) For Illinois Waterway barge loading at Burns Harbor, the following shall apply with respect to the protection of the Chicago barge rate and inclement weather:

(a) When grain represented by shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago

Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Switching District).

(b) If inclement weather conditions make the regular facility located in the Burns Harbor Switching District unavailable for barge loadings for a period of five or more calendar days, the party making delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water facility located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five calendar day period in which the barge cannot be moved.

(c) When grain represented by shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a regular facility located in Burns Harbor and a regular facility in Chicago, and the grain in the Chicago facility will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water facility operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the facility in Burns Harbor upon the surrender of shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular facility in which the grain will be available for loading.

(7) Any expense for making the grain available for loading on the Illinois Waterway, Ohio River, or Mississippi River will be borne by the party making delivery, provided that the taker of delivery constructively places barge equipment, clean and ready to load, within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, Ohio River, or Mississippi River. If the taker's barges are not constructively placed within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, Ohio River, or Mississippi River, the taker shall pay the shipper an amount not to exceed 30/100 of one cent per bushel per day multiplied by the number of calendar days from the fifth business day following the scheduled loading date to the date that the barge is constructively placed, including both dates, but excluding business days the shipper meets his minimum daily barge load-out rate. Requests to cancel loading instructions and re-issue shipping certificates more than two business days after shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.

(8) The shipper shall load water conveyance at the shipping station designated in the shipping certificate. If it becomes impossible to load at the designated shipping station for three (3) consecutive business days due to any circumstance beyond the control of the shipping station (including, but not limited to an act of God, strike, lockout, blockage, embargo, governmental action or terrorist activity) and precludes any party from making or taking delivery of product, the shipper will arrange for water conveyance to be loaded at another regular shipping station in conformance with the shipping certificate and will compensate the owner for any transportation loss resulting from the change in the location of the shipping station. If the aforementioned condition of impossibility prevails at a majority of regular shipping stations, and a declaration of Force Majeure is made pursuant to Rule 701, then shipment may be delayed for the number of days that such impossibility prevails at a majority of regular shipping stations. If conditions covered in this Rule make it impossible to load at the designated shipping station, the shipper shall notify the Registrar's Office in writing of such condition within 24 hours of when the condition of impossibility began.

(9) In the event that the U.S. Coast Guard and/or U.S. Army Corps of Engineers makes an announcement that river traffic will be obstructed for a period of fifteen days or longer as a result of one of the conditions of impossibility listed in (8) above and if the Exchange determines that such obstruction will affect a majority of regular shipping stations, then the following barge load-out procedures for corn, soybeans, and SRW Wheat at facilities in the St. Louis-Alton Territory and on the Ohio and Mississippi Rivers shall apply to shipping stations upriver from the obstruction

- (a) The maker and taker of delivery may negotiate mutually agreeable terms of performance.
- (b) If the maker and/or the taker elect not to negotiate mutually agreeable terms of performance, then the maker is obligated to provide the same quantity and like quality of grain pursuant to the terms of the shipping certificate(s) with the following exceptions and additional requirements:

(i) For corn and soybeans, the maker must provide loaded barge(s) to the taker on the Illinois River between the lowest closed lock and St. Louis, inclusive, or on the Mid-Mississippi River between Lock 11 at Dubuque, Iowa and St. Louis, inclusive. For SRW Wheat at Ohio River facilities, the maker must provide loaded barge(s) to the taker on the Ohio River between the lowest closed lock and the Mississippi River, inclusive, or on the Mid-Mississippi River between St. Louis and the Ohio River, inclusive. For SRW Wheat in the St. Louis-Alton Territory and at Mississippi River facilities, the maker must provide loaded barge(s) to the taker on the Mississippi River below the point of obstruction.

(ii) The loaded barge(s) provided to the taker must have a value equivalent to C.I.F. NOLA, with the maker of delivery responsible for the equivalent cost, insurance and freight.

(iii) The taker of delivery shall pay the maker barge freight between the issuing facility and NOLA calculated from the relevant barge freight rate reported in the latest available USDA-AMS Transportation Report on the date that loaded barges are provided to the taker as a reimbursement for the cost of barge freight.

- (c) In the event that the obstruction or condition of impossibility listed in (8) above will affect a majority of regular shipping stations, but no announcement of the anticipated period of obstruction is made, then shipment may be delayed for the number of days that such impossibility prevails.

(10) In the event less than eleven shipping certificates of a like grade/quality are outstanding at a shipping station the owner of all such outstanding shipping certificates may cancel the shipping certificates and obligate the shipper to provide a market value at which the shipper will either buy back all the canceled shipping certificates or sell the balance of corn or soybeans of a like grade/quality to complete a barge loading of at least 55,000 bushels, the choice being at the discretion of the taker of delivery.

#### **703.D. Failure to Load Out**

In the event a regular facility fails to fulfill its specific load out requirements pursuant to Rule 703 C. the Exchange shall guarantee that the affected party receives the full current market value of the failed load out in the form of cash or USDA warehouse receipts. In the event the failed party receives cash, full market value will be defined by the front futures contract month settlement price on the day of failure of load out. In the event the failed party receives USDA warehouse receipts, the party will receive equivalent quantity of grain

Notwithstanding any provision of the Rules, the Exchange has no obligation to any party relating to a failure to fulfill a load out obligation unless it is notified by the party that a failure occurred, as soon as possible, but in no event later than the business day following the day the load out obligation was to have been fulfilled according to the Rules of the Exchange.

#### **704. INSPECTION**

Any grain facilities in Chicago, regular for the delivery of grain under the Rules of the Exchange, shall require inbound and outbound inspections as mandated by the U.S. Grain Standards Act and/or the U.S. Warehouse Act.

When grain is delivered in satisfaction of shipping certificates, the holder of the shipping certificates shall be entitled to an official sample lot inspection as defined in the U.S. Grain Standards Act unless otherwise agreed, and the result of such inspection or an appeal therefrom, shall be the settlement grade. In KC HRW Wheat, the holder of shipping certificates shall receive an Official Inspection Certificate with a weight certificate supplied by a Federally licensed weigh master attached upon load-out and the result of such inspection or an appeal therefrom, shall be the settlement grade.

#### **705. INSURANCE**

Products covered by shipping certificates or warehouse receipts tendered for delivery must be insured against the contingencies provided for in a standard "All Risks" policy (including earthquake) to such an extent and in such amounts as required by the Exchange. It shall be the duty of the operators of all regular facilities to furnish the Exchange with either a copy of the current insurance policy or policies, or a written confirmation from the insurance company that such insurance has been effected.

**706. VARIATION IN QUANTITY**

If the quantity of grain loaded out from a regular facility exceeds the quantity covered by the shipping certificate(s), the owner of the shipping certificate shall pay the facility for the excess at the average market price on the day of load-out.

If the quantity of grain loaded out is less than the quantity covered by the shipping certificate(s), the facility shall pay the owner of the shipping certificate for the shortage at the average market price on the day of load-out.

Excesses or deficiencies in the quantities of grain loaded out shall not exceed one percent (including dockage) from the quantity specified on the shipping certificate.

Excesses or deficiencies in the net quantity (net quantity is defined by gross quantity less dockage) of wheat loaded out shall not exceed one percent from the quantity specified on the shipping certificate. The amount of dockage deliverable against a wheat futures shipping certificate shall not exceed one percent of the quantity specified on the shipping certificate. The taker of delivery shall not be responsible for providing compensation to the maker for dockage at load out.

**707. REVOCATION, EXPIRATION OR WITHDRAWAL OF REGULARITY**

The Business Conduct Committee may revoke a declaration of regularity whenever a regular facility fails to comply with the conditions specified in this Chapter, any other conditions to which it has agreed in its application for regularity, or any other Rules of the Exchange.

Unless a shorter notification period is otherwise authorized by the Exchange, a facility shall give six (6) months prior written notice to the Exchange prior to withdrawing from regularity.

If the designation of a facility as regular is withdrawn or revoked, a notice shall be posted announcing such withdrawal or revocation and the period of time, if any, during which the warehouse receipts or shipping certificates issued by such facility shall thereafter be deliverable in satisfaction of futures contracts under the Rules of the Exchange.

In the event of revocation, expiration or withdrawal of regularity, or in the event of sale or abandonment of the properties where regularity is not reissued, holders of outstanding shipping certificates and warehouse receipts shall be given thirty days to take load-out of the commodity from the facility. If a holder of an outstanding shipping certificate or warehouse receipt chooses not to take load-out during this period, the facility must provide him with another shipping certificate or warehouse receipt at another, mutually acceptable regular facility with adjustments for differences in contract differentials. Alternatively, if such shipping certificate or warehouse receipt is unavailable, the facility must provide the holder with an equivalent quantity and quality of the grain designated in the shipping certificate or warehouse receipt at a mutually acceptable location.

**708. MINIMUM FINANCIAL REQUIREMENTS FOR AGRICULTURAL REGULARITY**

The minimum financial requirements for firms which are regular to deliver agricultural and ethanol products are:

1. Working Capital. Working capital (current assets excluding current receivables from affiliates/parent company less current liabilities) must be greater than or equal to \$2,000,000. For firms regular for delivery in Rough Rice and Denatured Fuel Ethanol futures, working capital must be greater than or equal to \$1,000,000. All current assets must be readily marketable. Firms which do not have \$2,000,000 (\$1,000,000 for Rough Rice and Denatured Fuel Ethanol) in working capital must deposit with the Exchange U.S. Treasury securities or other collateral deemed acceptable to the Exchange, in such sum and subject to such conditions as the Exchange may require. Any such collateral shall be reduced by SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii), and (viii). If the warehouseman/shipper deposits U.S. Treasury securities as collateral, the firm must execute a security agreement on a form prescribed by the Exchange. The Exchange, in its sole discretion, may grant an exemption from the working capital requirements described above.

2. Net Worth. The net worth (total assets less total liabilities) of a firm regular to deliver in contracts that use warehouse receipts or rough rice shipping certificates divided by the firm's approved capacity (measured in contracts) must be greater than \$5,000. With the exception of rough rice, the net worth of a firm regular to deliver in contracts that use shipping certificates, must be greater than or equal to \$5,000,000.

The operator of a rough rice facility issuing shipping certificates may issue new shipping certificates only if, at the time of issuance, the total value of all registered shipping certificates and the new shipping certificates does not exceed 100% of net worth. The operator of all other agriculture and ethanol facilities issuing shipping certificates may issue new shipping certificates only if, at the time of issuance, the total value of all registered shipping certificates and the new shipping certificates does not exceed

50% of net worth. Rough Rice firms wishing to issue shipping certificates greater than their net worth must deposit with the Exchange U.S. Treasury securities or other collateral deemed acceptable to the Exchange equal in value to the amount that exceeds 100% of their net worth. Any such collateral shall be reduced by SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii), and (viii). If the warehouseman/shipper deposits U.S. Treasury securities as collateral, the Rough Rice firm must execute a security agreement on a form prescribed by the Exchange. The Exchange, in its sole discretion, may grant an exemption from the net worth requirements described above.

3. Each firm which is regular to deliver agricultural or ethanol products is required to file a yearly certified financial statement within 90 days of the firm's year-end. Each firm is also required to file within 45 days of the statement date, unaudited quarterly financial statements for each of the three quarters which do not end on the firm's year-end. In addition, the Exchange may request additional financial information as it deems appropriate. All financial statements are to be submitted in English.

4. A Letter of Attestation must accompany all unaudited, financial statements. The Letter of Attestation must be signed by the Chief Financial Officer or if there is none, a general partner, executive officer, or managerial employee who has the authority to sign financial statements on behalf of the firm and to attest to their correctness and completeness.

5. Any firm that has been approved to deliver against a CBOT contract must provide the Exchange with notice of any substantial reduction in capital as compared to the most recent filing of a financial report.

6. Any change in the organizational structure of a firm that is regular for delivery requires that the firm notify the Exchange prior to such change. Changes in organizational structure shall include, but not be limited to: a corporation, limited liability company, general partnership, limited partnership, or sole proprietorship that changes to another form. Prior to any such change occurring, the firm is also required to notify the Exchange in writing of any name change.

**For other applicable provisions, see "Letter of Credit and Bond Standards" in the Interpretations section of this Chapter.**

**709.-711. [RESERVED]**

## **712. DELIVERY AND REGISTRATION**

### **712.A. Delivery of Commodities**

Deliveries of soybean oil shall be made by the delivery of registered warehouse receipts issued by warehousemen against stocks in warehouses which have been declared regular by the Exchange. The Exchange, by rule, may prescribe the conditions upon which warehouses and warehousemen may become regular except that in the case of federally licensed warehouses and warehousemen, the Exchange may impose only such reasonable requirements as to location, accessibility and suitability as may be imposed on other regular warehouses and warehousemen. The Exchange, by rule, may prescribe conditions not inconsistent with the provisions of this Chapter upon which warehouse receipts issued by regular warehouses shall be deliverable.

Deliveries of corn, soybeans, SRW Wheat, KC HRW Wheat, rough rice, oats, soybean meal and denatured fuel ethanol shall be made by delivery of registered shipping certificates issued by shippers designated by the Exchange as regular to issue shipping certificates for such commodities.

Shipping certificates and soybean oil warehouse receipts shall be delivered using the electronic fields which the Exchange and the Clearing House require to be completed. In order to effect a valid delivery, each such shipping certificate or warehouse receipt must be endorsed by the holder making the delivery, and transfer as specified above constitutes endorsement. Such endorsement shall constitute a warranty of the genuineness of the shipping certificate or warehouse receipt and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the issuer of the shipping certificate or warehouse receipt. Such endorsement shall also constitute a representation that all premium, storage, administrative or carrying charges have been paid on the commodity covered by the shipping certificate or warehouse receipt, in accordance with the Rules of the relevant product chapter

### **712.B. Registration of Warehouse Receipts and Shipping Certificates**

(1) In order to be valid for delivery against futures contracts, warehouse receipts and shipping certificates must be registered with the Clearing House and in accordance with the requirements issued by the Clearing House. Facilities that are regular for delivery may register warehouse receipts or shipping certificates, as applicable, at any time. If the facility determines not to tender the warehouse receipt or shipping certificate by 4:00 p.m. on the day it is registered, the facility shall declare that the warehouse receipt or shipping certificate has been withdrawn but is to remain registered by transmitting to the Clearing House the warehouse receipt number or shipping

certificate number and the name and location of the facility. The holder of a registered warehouse receipt or shipping certificate may cancel its registration at any time. A warehouse receipt or shipping certificate which has been canceled may not be registered again.

- (2) No notice of intention to deliver a warehouse receipt or a shipping certificate shall be tendered to the Clearing House unless said warehouse receipt or shipping certificate is registered and in possession of the clearing member tendering the notice or unless a warehouse receipt or a shipping certificate is registered and outstanding. When a notice of intention to deliver a warehouse receipt or a shipping certificate has been tendered to the Clearing House, said warehouse receipt or shipping certificate shall be considered to be "outstanding" until its registration is cancelled.
- (3) From its own records, the Clearing House shall maintain a current record of the number of warehouse receipts and shipping certificates that are registered and shall be responsible for posting this record on the Exchange website. The record shall not include any warehouse receipts or shipping certificates that have been declared withdrawn.
- (4) When a warehouseman/shipper regains control of its own registered warehouse receipt or shipping certificate, the warehouseman/shipper shall by 4:00 p.m. of that business day either cancel the registration of said warehouse receipt or shipping certificate, or declare that said warehouse receipt or shipping certificate is withdrawn but is to remain registered by transmitting to the Clearing House the warehouse receipt or shipping certificate number and the name and location of the facility, except in the case where a notice of intention to redeliver said warehouse receipt or shipping certificate for the warehouseman/shipper has been tendered to the Clearing House by 4:00 p.m. of the day that the warehouseman/shipper regained control of said warehouse receipt or shipping certificate.
- (5) The Clearing House shall not divulge any information concerning the registration, delivery or cancellation of warehouse receipts or shipping certificates, other than the record posted on the Exchange website, except that it shall issue a daily report showing the total number of warehouse receipts and shipping certificates registered as of 4:00 p.m. on each trading day of the week. In addition to the information posted on the Exchange website, this daily report will show the names of facilities whose warehouse receipts or shipping certificates are registered and the location of such facilities. This report shall not include any warehouse receipts or shipping certificates that have been declared withdrawn.
- (6) In order for a facility regular for delivery to register warehouse receipts, or shipping certificates, as applicable, the facility must file collateral with the Exchange with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The following requirements shall apply for the registration of warehouse receipts and shipping certificates.
  - i. A facility regular to register warehouse receipts and soybean meal shipping certificates is required to secure a bond naming the Board of Trade of the City of Chicago, Inc. as its beneficiary for such sum and subject to such conditions as the Exchange may require. The bond must be in the form approved by the Exchange. The Exchange will accept USDA bonds in order for a facility to meet its bonding requirements. If the amount specified on the USDA bond does not meet the Exchange's requirements, an additional bond must be issued for the amount that is not covered under the USDA bond.
  - ii. Except for Soybean Meal shipping certificates, a facility regular to register shipping certificates is required to post collateral with the Exchange in the form of cash, secure letter of credit naming Chicago Mercantile Exchange Inc. as its beneficiary, U.S. treasury securities, or except for ethanol shipping certificates, USDA Warehouse Receipts. Collateral in the form of cash, secure letter of credit or U.S. treasury securities must be for 110% of the current market value of the shipping certificates issued. The regular facility is required to monitor the value of the outstanding shipping certificates issued using the futures front month settlement price. Whenever the amount of the collateral falls below 100% of the current market value for shipping certificates issued, the regular facility must increase the amount of the collateral for an amount equal to 110% of the current market value of outstanding shipping certificates, by 5:00 p.m. on the first business day following the relevant futures settlement. Prior to additional shipping certificates being issued, the regular facility must increase the amount of the collateral for 110% of the current market value of all shipping certificates which are outstanding as well as all shipping certificates which will be issued. Collateral in the form of USDA Warehouse Receipts must represent an equivalent quantity of shipping certificates.

#### **712.C. Electronic Warehouse Receipts and Shipping Certificates**

The Exchange and the Clearing House shall determine the electronic fields which are required to be completed in connection with an electronic shipping certificate or warehouse receipt.



The electronic shipping certificate or warehouse receipt obligates the regular facility, for value received and receipt of the shipping certificate or warehouse receipt properly endorsed, and subject to a lien for payment of premium, storage or carrying charges, to deliver the specified quantity of the relevant commodity conforming to the standards of the Exchange, and to ship the commodity in accordance with orders of the lawful owner of the shipping certificate or warehouse receipt and in accordance with the Rules of the Exchange. Delivery shall be by water, rail or truck conveyance, as specified in the relevant contract specification chapters, according to the registered loading capability of the shipper.

Delivery of the electronic shipping certificate or warehouse receipt to the issuer by the owner of the shipping certificate or warehouse receipt, for the purpose of shipment of the commodity, is conditioned upon loading of the commodity in accordance with the Rules of the Exchange, and a lien is claimed until all loadings are complete and proper shipping documents presented accompanying demand draft for freight and premium, storage, administrative or carrying charges due which the owner of the shipping certificate or warehouse receipt agrees to honor upon presentation.

## **713. DELIVERY PROCEDURES**

### **713.A. Notice of Intent to Deliver**

Where delivery requires a Notice of Intent to Deliver, the seller shall comply with the requirements of the relevant Rules and such requirements as are prescribed by the Exchange and the Clearing House.

### **713.B. Delivery Notice**

Where any commodity is sold for delivery in a specified month, delivery of such commodity may be made by the seller upon such business day during the designated delivery period as the seller may select and, if not previously delivered, delivery must be made upon Last Delivery Day as prescribed by the Rules of the Exchange.

A seller obligated or desiring to make delivery of a commodity, shall issue and deliver to the Clearing House a delivery notice in the form and manner specified by the Clearing House.

Where a clearing firm has an interest both long and short for accounts on its own books, it must tender to the Clearing House such notices of intention to deliver as it receives from its accounts that are short. No office deliveries may be made by clearing members.

Unless a different time is prescribed by the Rules pertaining to a particular commodity, delivery notices must be delivered to the Clearing House by 4:00 p.m. on position day except that, on the last notice day of the delivery month, delivery notices for those commodities utilizing the electronic delivery system via the Clearing House's on-line system may be delivered to the Clearing House until 10:00 a.m., or 2:00 p.m. for all other commodities on notice day. The Clearing House shall, on the same day, assign the deliveries to eligible buyers as provided in Rule 713.C.

Upon determining the buyers obligated to accept deliveries tendered by issuers of delivery notices, the Clearing House shall promptly furnish to each issuer the names of the buyers obligated to accept delivery for each commodity for which a notice was tendered and shall also inform the issuer of the number of contracts for which each buyer is obligated.

### **713.C. Eligibility to Receive Delivery and Notice to Buyers**

Prior to 8:00 p.m. of each day on which delivery notices may be delivered, each clearing member shall report to the Clearing House its long positions eligible for delivery. Such reports shall show the dates on which such purchases were made and shall exclude purchases to which the clearing member has applied deliveries assigned to it but which remain open on its books pending receipt of delivery. With respect to omnibus accounts, the reports shall show the dates on which such purchases were made as reflected on the ultimate customers' account statements.

The Clearing House shall assign the deliveries to clearing members (buyers) having contracts to take delivery of the same amounts of the same commodities. The Clearing House shall notify such clearing members of the deliveries which have been assigned to them and shall furnish to the issuers of delivery notices the names of clearing members obligated to accept their deliveries. Clearing Members receiving delivery notices shall assign delivery to the oldest open contracts on their books at the close of business on the previous day (position day).

When a member of the Clearing House who has open purchases is suspended from the Clearing House for default or insolvency, he shall be deemed out of line for delivery and tender shall be made to the clearing member obligated upon the next oldest, long contract. Also, if tender is made to a clearing member who is thereafter suspended for default or insolvency before delivery is accepted, then, subject to the provisions of Rule 718, the Delivery Notice shall be withdrawn and another immediately served upon the clearing member obligated upon the next oldest, long contract.

**713.D. Sellers' Invoices to Buyers**

Upon receipt of the names of the buyers obligated to accept delivery from the seller and a description of each commodity tendered by the seller which was assigned by the Clearing House to each such buyer, the seller shall prepare invoices addressed to its assigned buyers describing the commodity to be delivered to each such buyer and, if applicable, the delivery location. Such invoices shall show the amount which buyers must pay to sellers in settlement of the actual deliveries, based on the delivery prices established by the Clearing House for that purpose, adjusted for applicable premiums, discounts, storage charges, premium charges, administrative charges, premium for FOB conveyance, quantity variations and other items for which provision is made in these Rules relating to contracts. The responsibility for storage charges shall remain the obligation of the seller until such time as the delivery instrument is presented to the buyer and payment is made in conformity with the Rules concerning payment. Such invoices shall be in the form designated by the Exchange.

Such invoices shall be delivered to the Clearing House by 10:00 a.m. for those commodities utilizing the electronic delivery system via the Clearing House's on-line system, or 4:00 p.m. for other commodities on notice day. However, on the last notice day in the delivery month when a queue intent for commodities that do not use the electronic delivery system has been delivered to the Clearing House, invoices for said delivery may be delivered to the Clearing House until 10:00 a.m. on the last delivery day of the delivery month.

Upon receipt of such invoices, the Clearing House shall promptly make them available to buyers to whom they are addressed.

Financial instrument futures contracts will follow the invoicing procedures that are prescribed in the respective contract's invoicing regulation.

**713.E. Payment**

A buyer receiving a Delivery Notice from the Clearing House shall make payment in same day funds for the invoicing price. Such payment shall be made as specified in the relevant contract specification chapter.

**713.F. Designated Times Subject To Change**

All designated times referenced in this Rule 713 are subject to change by the Exchange or the Clearing House.

**714. FAILURE TO DELIVER**

In the event a clearing member fails to fulfill its specific delivery obligations pursuant to Exchange rules, the sole obligation of the Clearing House is to pay reasonable damages proximately caused by such delivery obligation failure, in an amount which shall not exceed the difference between the delivery price of the specific commodity and the reasonable market price of such commodity at the time delivery is required according to the Rules of the Exchange. The Clearing House shall not be obligated to: (1) make or accept delivery of the actual commodity; or (2) pay any damages relating to the accuracy, genuineness, completeness, or acceptableness of instruments, warehouse receipts, shipping certificates, or other similar documents; or (3) pay any damages relating to the failure or insolvency of banks, depositories, warehouses, shipping stations, or similar organizations or entities that may be involved with a delivery.

Notwithstanding any provision of the Rules, the Clearing House has no obligation or liability to any clearing member or any other person relating to a failure to fulfill a delivery obligation unless it is notified by the clearing member that did perform, or was in a position to perform its delivery obligations, that a failure occurred, as soon as possible, but in no event later than 1 hour after the delivery deadline for the respective product, which may be extended by the Global Head of Clearing & Post-Trade Services or their designee pursuant to the provisions of Rule 702.

If a clearing member does not fulfill its delivery obligations to another clearing member, it shall be responsible to the Clearing House for any damages incurred by the Clearing House as a result of such delivery obligation failure.

A failure by a clearing member carrying a short futures position to tender a Delivery Notice on or before the time specified by the Clearing House on the last day on which such notice is permitted shall be deemed a violation of this Rule, except that the Global Head of Clearing & Post-Trade Services may, for good cause, extend the time to present such notice.

Unexcused failure to make delivery shall be deemed an act detrimental to the interest or welfare of the Exchange. In addition to any penalties imposed as provided in Chapter 4, the Clearing House Risk Committee shall determine and assess the damages incurred by the buyer.

**715. FAILURE TO ACCEPT DELIVERY OR REMIT FULL PAYMENT**

Where a buyer to whom a delivery has been assigned by the Clearing House fails to take such delivery and make payment when payment is due, the seller tendering such delivery shall immediately notify the Clearing House. If a clearing member obligated to receive delivery fails to make full payment to the seller, the Clearing House shall debit the account of said clearing member an amount sufficient to complete the delivery.

Failure to accept delivery or to remit full payment shall be deemed an act detrimental to the interest or welfare of the Exchange.

**716. DUTIES OF CLEARING MEMBERS**

Prior to the last day of trading in a physically delivered contract, each clearing member shall be responsible for assessing the account owner's ability to make or take delivery for each account on its books with open positions in the expiring contract. Absent satisfactory information from the account owner, the clearing member is responsible for ensuring that the open positions are liquidated in an orderly manner prior to the expiration of trading.

**717. [RESERVED]**

**718. CUSTOMER SUBSTITUTION IN THE EVENT OF CLEARING MEMBER BANKRUPTCY**

In the event that an "order for relief" as defined at CFTC Reg. 190.01(ee) has been entered in respect to a clearing member whose customer holds a futures contract or options contract that may only be liquidated by physical delivery and, as to such contract:

- (i) trading has ceased on the date of the entry of the "order for relief;"
- (ii) notice of delivery has been tendered on or before the date of the entry of the "order for relief;" or
- (iii) trading ceases before the trustee can liquidate the contract;

then, notwithstanding Rule 713.C., the Clearing House shall allow the customer (if his identify can be readily ascertained and verified) to be directly substituted for the debtor clearing member to the extent necessary to complete delivery. None of the requirements for delivery, including notices, instructions, payment, etc., shall be waived hereby. Moreover, substitution shall in no way relieve the debtor clearing member of its obligations to the Clearing House and the opposite clearing member in regard to any claims arising out of that delivery.

**719. INITIAL REGULARITY FOR DELIVERY AGAINST A NEW FUTURES CONTRACT**

Initial regularity for delivery against a new futures contract concurrent with the listing of such new futures contract shall be effective either fifteen days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

**720- 759. [RESERVED]**

**760. DELIVERY PROCEDURES IN OTHER COMMODITIES**

All other commodities which do not have delivery provisions specified in this chapter shall be governed by the requirements of the relevant contract specification chapter.

**761.-769. [RESERVED]**

**770. DELIVERY OBLIGATION TRANSFER PROCEDURES**

A clearing member that carries a futures position in a physically delivered contract that has expired as the result of any party's error, omission or outrade discovered on or after the last day of trading may, with the consent of the account owner(s) or controller(s), transfer such position to an account with different beneficial ownership; provided, however, that the parties to an error or outrade must exercise the utmost diligence to resolve the error or outrade.

Notice of delivery obligation transfers must be made to the Clearing House. Such transfers require that the Clearing House receive acceptance from an account(s) with different beneficial ownership and confirmation of the agreed upon transfer by the initiating party. Such confirmation must be submitted in writing on the form specified by the Clearing House. All positions transferred pursuant to this Rule shall take place at the final settlement price of the contract; however this requirement does not prohibit cash adjustments between the parties to the transfer.

Clearing member firms representing accounts that have transferred a trade pursuant to this Rule must correctly report the change in open interest to the Clearing House pursuant to the schedule established by the Exchange.

In the event a delivery obligation transfer notification does not result in a trade transfer, delivery shall take place as required under the Rules of the Exchange.

Nothing in this Rule relieves a clearing member of its responsibilities with respect to open positions in an expiring contract month in a physically delivered contract as set forth in Rule 716.

**771. ALTERNATIVE NOTICE OF INTENTION TO DELIVER**

A seller and buyer matched by the Exchange may agree to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Chapter, and the applicable chapter which contains the contract specifications for the products being delivered, and such other requirements as the Exchange may prescribe.

In such instances, matched clearing members shall execute an Alternative Notice of Intention to Deliver ("ANID") in the form and manner prescribed by the Exchange and shall deliver a completed and executed copy of such notice to the Exchange. The delivery of an executed ANID to the Exchange shall release the clearing members and the Exchange from their respective obligations under the rules of this Chapter and any other Exchange rules and requirements regarding physical delivery.

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

## INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 7

### GRAIN LOAD-OUT PROCEDURES

The following is a general outline of procedures for the load-out of grain covered by CBOT registered warehouse receipts/shipping certificates. The procedures are based upon a combination of the Rules of the Exchange and trade practice. Where applicable, the Rules of the Exchange are cited.

#### 1. Cancellation of the Warehouse Receipt/Shipping Certificate

- a. To initiate the load-out process, the warehouse receipt/shipping certificate holder, or owner, requests his clearing firm to cancel the warehouse receipt/shipping certificate through the Clearing House's online system and requests load-out using the electronic form provided by the Clearing House's online system.
- b. Warehouse receipts/shipping certificates cancelled after 4:00 p.m. shall be deemed to be cancelled on the following business day.
- c. At this time, the warehouseman/shipper, at his option, may require the owner to pay storage/premium and insurance charges that have accumulated up to and including the date of surrender. (See items 6(a) and (b) below.) The warehouseman's/shipper's agent shall accept these payments during business hours.
- d. At this time, for any product where load-out fees are not paid at the time of delivery, the warehouseman, at his option, may also require the owner to pay the warehouseman or his agent the applicable load-out fee.
- e. If the owner decides against loading out grain within two days after canceling warehouse receipts/shipping certificates, he may notify the warehouseman/shipper that warehouse receipts/shipping certificates are to be re-issued. Requests to re-issue warehouse receipts/shipping certificates more than two business days after warehouse receipts/shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.
- f. The Clearing House bills the owner's clearing firm a cancellation fee, per warehouse receipt/shipping certificate.

#### 2. Submission of Written Loading Orders

- a. The owner provides the warehouseman/shipper with written loading orders that identify the vessel, barge, or number of rail cars that will take delivery of the grain, and that specify the grade and estimated number of bushels to be loaded. "To be nominated" (TBN) barge identities are acceptable in loading orders.
- b. Written loading orders must be received no later than two business days after warehouse receipts/shipping certificates are cancelled.
- c. The owner will notify the warehouseman/shipper of loading orders. All loading orders received by 2:00 p.m. on a given business day shall be considered dated that day. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day.
- d. When loading orders are received by 2:00 p.m. of any given business day, the warehouseman/shipper will advise the owner by 10:00 a.m. the following business day of the scheduled loading dates and tonnage due. Notification of scheduled loading dates and any changes in scheduled loading dates will be by telephone, e-mail or facsimile to the owner. In the case of rough rice, the warehouseman, upon receipt of the canceled certificates by his agent and loading instructions from the owner by 2:00 p.m. on a given day, shall notify the owner in writing by 4:00 p.m. on that given day, of the scheduled day for load-out. The daily tariff, load-out rate and the amount of tonnage which is scheduled for load-out before owner's load-out shall also be provided in the notification.

#### 3. Arrangement of Transportation Conveyance

- a. The owner arranges for proper conveyance of the grain to be loaded out with a carrier; the conveyance may be rail car, barge, or vessel, and must be clean and ready-to-load. For KC HRW Wheat, the issuer shall be responsible for ordering the cars necessary for the shipment ordered to be loaded. However, the owner may elect to furnish cars to the elevator of the issuer to expedite shipment and shall give notice to the loading elevator accordingly.
- b. An owner requesting vessel load-out, having surrendered canceled warehouse receipts/shipping certificates and tendered written loading orders to the warehouseman/shipper, is entitled to the warehouse's/shipper's current scheduled load-in and load-out lineups, provided the owner gives to the warehouseman/shipper the identity of the vessel and the estimated-time-of-arrival no more than 5 calendar days prior to constructive placement of the vessel.

In addition, an owner is entitled to receive updated information, upon request, on the warehouse's/shipping station's scheduled load-in and load-out lineups.

- c. The carrier or its agent notifies the warehouseman/shipper of the "constructive placement" of the conveyance. The term "constructive placement" is defined in Rule 703. Only the warehouseman/shipper

can order the conveyance to the warehouse/shipping station for actual placement for loading with the exception of the ordering of cars for KC HRW Wheat as noted in item 3(a) above.

d. The warehouseman/shipper is not responsible for the failure of the carrier to present clean, ready-to-load conveyance to the warehouseman/shipper.

#### 4. Request for Grain Inspection or Stevedoring Service

a. The owner may, at his option and expense, request the warehouseman/shipper to arrange official inspection and weighing service provided by the Federal Grain Inspection Service (FGIS). In KC HRW Wheat, official inspection and weighing service is required.

b. In case of water load-out (barge or vessel), the owner should request the warehouseman/shipper to arrange stevedoring service. In this regard, the owner may designate to the warehouseman/shipper the stevedoring service he would like to use.

c. The warehouseman/shipper does not control the availability of the FGIS and the stevedoring services.

#### 5. Actual Load-Out

a. The warehouseman/shipper in corn and soybean shall transmit to the Registrar by 11:00 a.m., the name, location of warehouse/shipping facility, and number of delivery vessels/barges/rail cars constructively placed that day. The Registrar shall maintain a current record of the number of delivery vessels/barges/rail cars constructively placed and shall be responsible for posting this record on the Exchange website.

b. The warehouseman/shipper must load-out all conveyances in the order of their constructive placement. Load-out of transportation constructively placed on the same day shall be in the order in which loading orders were received. An operator of a regular facility in Chicago, Burns Harbor, Toledo, along the Ohio River, along the Mississippi River, along the Illinois Waterway, and St. Louis has the obligation of loading grain represented by warehouse receipts or shipping certificates giving preference to takers of delivery.

c. The warehouseman/shipper informs the owner of the time of loading completion and the release time of the conveyance to the carrier.

d. The warehouseman/shipper must advise the owner of any load-out difficulties. Inclement weather may delay loading.

e. The owner should be familiar with the tariff of the warehouse/shipping station where the load-out is to occur.

f. Any expense for making the grain available for loading on the Illinois Waterway, Ohio River, or Mississippi River will be borne by the party making delivery, provided that the taker of delivery constructively places barge equipment clean and ready to load within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, Ohio River, or Mississippi River. If the taker's barges are not constructively placed within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, Ohio River, or Mississippi River, the taker shall pay the shipper an amount not to exceed 30/100 of one cent per bushel per day multiplied by the number of calendar days from the fifth business day following the scheduled loading date to the date that the barge is constructively placed, including both dates, but excluding business days the shipper meets his minimum daily barge load-out rate. Requests to cancel loading instructions and re-issue warehouse receipts/shipping certificates more than two business days after warehouse receipts/shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.

g. The owner of rough rice certificates may request and receive on a given day prior to load-out specifications containing the amount of tonnage remaining before owner's equipment is loaded.

h. Examples used in this Interpretation for load out of KC HRW wheat are based on the minimum load-out rate of 30 cars per day or 150 cars per week. Any elevator subject to a higher load-out rate pursuant to Rule 703.C.B. must take such higher rate of load-out into consideration and adjust such examples accordingly.

The delivery rules require the loading elevator to begin loading requested delivery wheat within five (5) business days, which is on day six (6) following receipt of the taker's load-out instructions on day one. Business days do not include Saturdays, Sundays or holidays. Rules include loading requirements per day or per week because some elevators may have to load on a daily basis rather than on a weekly basis. However, an elevator may choose to consolidate its loadings to once a week.

The premium charges (See Chapter 14H, Rule 14H08) are calculated on a weekly basis. Under these rules neither prior business nor new business is of any consequence and does not affect loading requirements or applicable stop of premium. However, an elevator may choose to delay loading, for whatever reason, and allow premium to stop, but must load at a rate adequate to avoid failing to meet its delivery obligation. Therefore, premium charges would stop with day ten (10) on 495,000 bushels if no wheat has been loaded or on any portion of this amount that has not been previously loaded. Premium charges would include day ten (10). Loadings made prior to a stop premium deadline would have charges due through the actual day of

loading. Premium would stop in a like manner on additional 495,000 bushels at five (5) business day increments thereafter.

Any amendments to the loading request would continue to have time count for stop premium requirements. However, if the order is cancelled and reinstated at a later date, the time begins again at the reinstatement date. Also, if the order is cancelled, then premium charges will accrue from day one on the total remaining balance, whether or not any of the bushels had previously passed a stop premium date. Subsequent amendments or modifications of an existing load-out request do not constitute cancellation of a loading order. A taker may request any railroad covered rail hopper cars or elect to provide private car equipment. Any charges that may be incurred for the ordering or cancellation of car orders shall be paid by the taker. The intent is for the taker to be responsible for reasonable costs of placing and canceling car orders. If cars are not available, as requested in load-out instructions, then the obligation to load is suspended and time does not count until cars are available.

#### 6. Final Settlement of All Charges By Invoice

a. The owner shall pay the warehouseman/shipper, storage/premium charges that have accumulated up to and including the 10th business day after constructive placement of the conveyance or the date of loading completion, whichever is earlier, for wheat and oats, or up to and including the date of loading for corn and soybeans. If the owner paid storage/premium charges when he surrendered the cancelled warehouse receipt/shipping certificate he now pays storage/premium charges that have accumulated since that time as invoiced.

b. The owner shall pay the warehouseman/shipper for the FGIS service and the stevedoring company for stevedoring service as invoiced. The owner is responsible for charges incurred for stevedoring service, except, all fees for stevedoring services to load corn and soybeans into barges are to be paid by the issuer of the corn or soybean shipping certificate.

c. With some exceptions for Burns Harbor delivery, the owner shall pay all transportation costs, including switching charges and demurrage, if any, to the appropriate transportation company.

The outline provided above is intended to serve only as a general guide to grain load-out procedures; certain of the discussed obligations of the warehouseman/shipper and owners may not apply in a particular situation or may be open to negotiation between the parties. Care has been taken in the preparation of this outline, but there is no warranty or representation expressed or implied by the Exchange as to the accuracy or completeness of the material herein. In particular, the Rules of the Exchange may be revised from time to time. Accordingly, current Rules, if applicable, should be consulted when there is a question concerning load-out. Please be advised that the U.S. Warehouse Act, as amended, or a state law may also apply to, or govern, a particular situation. If you have legal questions concerning load-out, the Exchange recommends that you consult your legal counsel.

### **LETTER OF CREDIT AND BOND STANDARDS**

#### 1. LETTER OF CREDIT STANDARDS FOR CORN, SOYBEANS, SRW WHEAT, KC HRW WHEAT, ROUGH RICE, OATS AND DENATURED FUEL ETHANOL

Rule 712 requires, as a condition for regularity, that issuers of shipping for certain commodities must file a bond and/or designated letter of credit with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The Exchange has determined that the following requirements shall apply to such letters of credit:

a. The regular firm is required to secure a letter of credit, naming Chicago Mercantile Exchange Inc. as its beneficiary, for 110% of the current market value of the shipping certificates issued. The address of the primary office for the presentation of demand must be located in the United States.

b. The regular firm is required to monitor the value of the outstanding shipping certificates issued using the futures front month settlement price. Whenever the amount of the letter of credit falls below 100% of the current market value for shipping certificates issued, the regular firm must increase the amount of the letter of credit, or obtain a new letter of credit, for an amount equal to 110% of the current market value of outstanding shipping certificates, by 5:00 p.m. on the first business day following the relevant futures settlement.

c. Prior to additional shipping certificates being issued, the regular firm must increase the amount of the letter of credit, or secure a new letter of credit, for 110% of the current market value of all shipping certificates which are outstanding as well as all shipping certificates which will be issued.

d. The Exchange will accept letters of credit only from banks with a Moody's Investor Service counter party credit rating of A or above or a Standard and Poor's short-term counter party rating not lower than A-2.

e. The letter of credit must be irrevocable, it must provide for payment within the time specified by the Exchange, and it must be able to be drawn upon unconditionally.

- f. The letter of credit must be in the form approved by the Exchange.
- g. The expiration date of a letter of credit may not occur during any relevant futures delivery cycle.

## 2. LETTER OF CREDIT STANDARDS FOR ALL OTHER AGRICULTURAL PRODUCTS

Rule 712 requires, as a condition for regularity, that warehousemen for agricultural commodities other than corn, soybeans, SRW Wheat, KC HRW Wheat, rough rice, oats and denatured fuel ethanol must file a bond and/or designated letter of credit with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The Exchange has determined that the following requirements shall apply to such letters of credit.

- a. The regular firm is required to secure a letter of credit, naming Chicago Mercantile Exchange Inc. as its beneficiary, for such sum and subject to such conditions as the Exchange may require. The address of the primary office for the presentation of demand must be located in the United States.
- b. The Exchange will accept letters of credit only from banks with a Moody's Investors Service counterparty credit rating of A or above or a Standard and Poor's short-term counterparty rating not lower than A-2.
- c. The letter of credit must be irrevocable, must provide for payment within the time specified by the Exchange, and must be able to be drawn upon unconditionally.
- d. The letter of credit must be in the form approved by the Exchange.
- e. The expiration date of a letter of credit may not occur during any relevant futures delivery cycle.

## 3. BOND STANDARDS FOR ALL OTHER AGRICULTURAL PRODUCTS

Rule 703 and Rule 712 require, as a condition for regularity, that warehousemen for agricultural commodities other than corn, soybeans, SRW Wheat, KC HRW Wheat, rough rice, oats and denatured fuel ethanol must file a bond and/or designated letter of credit with sufficient sureties in such sum and subject to such conditions as the Exchange may require. The Exchange has determined that the following requirements shall apply to such bonds.\*

- a. The warehouseman is required to secure a bond naming the Board of Trade of the City of Chicago, Inc. as its beneficiary for such sum and subject to such conditions as the Exchange may require.
- b. The bond must be in the form approved by the Exchange.
- c. The Exchange will accept bonds only from insurance companies that have been rated by one of the following rating agencies: AM Best, Standard & Poor's, or Moody's Investor Service. The following are the minimum credit ratings that are acceptable.
  - 1. AM Best: B++
  - 2. Standard & Poor's: A-
  - 3. Moody's Investor Service: A3

\* The Exchange will continue to accept USDA bonds in order for warehousemen to meet bonding requirements for rough rice. If the amount specified on the USDA bond does not meet the Exchange's requirements, an additional bond must be issued for the amount that is not covered under the USDA bond. The additional bond must meet the requirements specified in a. through c.

## **FACILITIES RELATED TO CBOT PRODUCTS**

[View table here \(XLS\)](#)