

Chapter 17 Rough Rice Futures

17100. SCOPE OF CHAPTER

This chapter is limited in application to futures trading of Rough Rice futures. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

17101. CONTRACT SPECIFICATIONS

All futures contracts shall be for U.S. No. 2 or better long grain Rough Rice as the same is established by standards promulgated by the United States Department of Agriculture (U.S.D.A.) at the time of the first day of trading in a particular contract. No heat-damaged kernels as defined by USDA FGIS Interpretive Line Slide 2.0 are permitted in a 500-gram sample. No stained kernels as defined by USDA FGIS Interpretive Line Slide 2.1 are permitted in a 500-gram sample. A maximum of 75 lightly discolored kernels as defined by USDA FGIS Interpretive Line Slide 2.2 are permitted in a 500-gram sample. No other grade is deliverable.

To be deliverable, Rough Rice shall have a milling yield of not less than 65%, including not less than 48% head rice. Each percent of head rice over or below 55% shall receive a premium or discount, respectively, from the settlement price for long grain Rough Rice and each percent of broken rice over or below 15% shall receive a premium or discount, respectively. Head rice and broken rice premiums and discounts shall be determined from USDA-CCC loan rates for rice stored in commercial warehouses. Each spring, following the announcement of new loan rates by the USDA-CCC, a trimmed mean from the last five years of loan rates will be calculated by discarding the lowest and highest values and taking the mean of the three remaining values. The Exchange shall announce and publish the calculated new premium and discount schedules for head and broken rice and they shall be applicable to all Rough Rice futures contracts delivered during the next crop year beginning September 1. All Rough Rice shall be of a Southern origin or such other origin as the Exchange may approve.

17102. TRADING SPECIFICATIONS

Trading in rough rice futures is regularly conducted in six months – September, November, January, March, May and July. The number of months open for trading at a given time shall be determined by the Exchange.

17102.A. Trading Schedule

The hours for trading of rough rice futures shall be determined by the Exchange.

On the last day of trading in an expiring future, the close of the expiring future shall begin at 12 o'clock noon and trading shall be permitted thereafter for a period not to exceed one minute. Quotations made during this one minute period shall constitute the close.

17102.B. Trading Unit

Par delivery is 2,000 hundredweight (200,000 pounds) of U.S. No. 2 or better long-grain rough rice. A weight variation of 1% shall be permitted, such variation to be priced at the previous day's settlement price if the expiring future is still trading and at the expiration price of the nearest previous future if no expiring future is trading.

17102.C. Price Increments

The minimum fluctuation for rough rice futures shall be ½ cent (\$.005) per hundredweight (\$10.00 per contract), including spreads.

17102.D. Daily Price Limits

Daily price limits for Rough Rice futures are reset every six months. The first reset date would be the first trading day in May based on the following: Daily settlement prices are collected for the nearest July contract over 45 consecutive trading days before and on the business day prior to April 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per hundredweight, or 50 cents per hundredweight, whichever is higher, will be the new initial price limits for Rough Rice futures and will become effective on the first trading day in May and will remain in effect through the last trading day in October.

The second reset date would be the first trading day in November based on the following: Daily settlement prices are collected for the nearest November contract over 45 consecutive trading days before and on the business day prior to October 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per hundredweight, or 50 cents per hundredweight, whichever is higher, will be the new initial price limits for Rough Rice futures and will become effective on the first trading day in November and will remain in effect through the last trading day in next April.

There shall be no trading in Rough Rice futures at a price more than the initial price limit above or below the previous day's settlement price. Should two or more Rough Rice futures contract months within the first six listed non-spot contracts (or the remaining contract month in a crop year, which is the July contract) settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day, rounded up to the nearest 5 cents per hundredweight. If no Rough Rice futures contract month settles at the expanded limit the next business day, daily price limits for all contract months shall revert back to the initial price limit the following business day. There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month.

17102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

17102.F. Limit on Holdings of Registered and Outstanding Shipping Certificates

No person, at any time, shall own or control more than 600 registered and outstanding Rough Rice Shipping Certificates issued by facilities designated by the Exchange as regular to issue certificates for Rough Rice.

If a person stops Rough Rice certificates for delivery in a quantity that would cause such person to exceed the 600 certificate limit, the person must cancel, retender or sell the quantity of certificates in excess of 600 not later than the following business day.

A person seeking an exemption from this limit for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning aggregation of accounts and allowable exemptions from position limits. The same standards that apply to allowable exemptions and aggregation of positions for position limit purposes shall also apply to limit on holdings of registered and outstanding shipping certificates.

17102.G. Termination of Trading

No trades in futures contracts deliverable in the current month shall be made after the business day preceding the fifteenth (15th) calendar day of that month. Any contracts remaining open after the last day of trading must be either:

- (a) Settled by delivery no later than the second business day following the last trading day (tender on business day prior to delivery).
- (b) Liquidated by means of a bona fide Exchange of Futures for Related Position no later than the business day following the last trading day.

17103. CONTRACT MODIFICATIONS

Contract specifications shall be fixed as of the first day of trading of the contract and must conform to government grading standards in force at that time. If any federal governmental agency issues an order, ruling, directive or law that conflicts with requirements of these Rules, such order, ruling, directive or law shall be construed to become part of these Rules, and all new contracts shall be subject to such governmental orders.

17104. DELIVERY BY SHIPPING CERTIFICATES

Deliveries of rough rice shall be made only by delivery of rough rice shipping certificates issued by warehouses located in the Arkansas counties of Craighead, Jackson, Poinsett, Woodruff, Cross, St. Francis, Lonoke, Prairie, Monroe, Jefferson, Arkansas and DeSha and designated by the Exchange as regular. Rough rice shipping certificates issued by otherwise regular warehouses licensed under the U.S. Warehouse Act shall be eligible for delivery in satisfaction of Exchange contracts regardless of whether such warehouses are or are not also licensed by any state.

17105. WEIGHING

Weighing shall be done in accordance with the current custom of the trade. The official shipped weight so obtained shall be final provided, however, that railroad weights shall be acceptable and shall be final if the warehouse receipt holder and the seller so agree in writing.

17106. PAR DELIVERY POINT

The par delivery points for rough rice shall be warehouses within the boundaries of the Arkansas counties of Craighead, Jackson, Poinsett, Woodruff, Cross, St. Francis, Lonoke, Prairie, Monroe, Jefferson, Arkansas and DeSha. Rough rice may be delivered in satisfaction of Rough Rice futures contracts at warehouses regular for delivery at the contract price. No warehouse regular for delivery of rough rice shall be located outside the twelve Arkansas counties listed above.

17107. REGISTRATION AND DELIVERY OF ROUGH RICE SHIPPING CERTIFICATES AND DELIVERY PAYMENT¹

17107.A. Registration and Delivery of Rough Rice Shipping Certificates

(Refer to Rule 712., Delivery and Registration, and Rule 713., Delivery Procedures.)

17107.B. Delivery Payment

Delivery Payment shall be made utilizing the electronic delivery system via the Clearing House's online system. Delivery Payment will be made during the 6:45 a.m. collection cycle, or such other time designated by the Clearing House. Thus, the cost of delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make Delivery Payment and sellers obligated to make delivery must make delivery during the 6:45 a.m. settlement process, or such other time designated by the Clearing House, on the day of delivery, except on banking holidays when delivery must be taken or made and Delivery Payment made during the 6:45 a.m. settlement process, or such other time designated by the Clearing House, on the next banking business day. Adjustments for differences between contract prices and delivery prices established by the Clearing House shall be made with the Clearing House in accordance with its rules, policies and procedures.

17108. PREMIUM CHARGES

To be valid for delivery on futures contracts, all shipping certificates covering rough rice under obligation for shipment must indicate the applicable premium charge. No shipping certificates shall be valid for delivery on Rough Rice futures contracts unless the premium charges on such rough rice shall have been paid up to and including the 18th calendar day of the preceding month, and such payment is endorsed on the shipping certificate. Unpaid accumulated premium charges at the posted rate applicable to the facility shall be allowed and credited to the buyer by the seller up to and including the date of delivery. The premium charges on rough rice shall not exceed 42/100 of a cent per hundredweight per day.

17109. REGULARITY OF FACILITIES AND ISSUERS OF SHIPPING CERTIFICATES

(Refer to Rule 703. Regular Warehouses and Shipping Stations)

17110. STORAGE/PREMIUM CHARGES CEASE

Storage/Premium charges on rough rice to be shipped pursuant to loading instructions shall cease no later than three calendar days following the day on which canceled warehouse receipts are surrendered or loading instructions are given, whichever occurs later; provided, however, that the owner makes transportation available for loading on the scheduled load-out date or has not canceled loading instruction

¹ Revised June 2008.