

Advisory Notice

Clearing House

08-102

TO: Clearing Member Firms
Back Office Managers
Delivery Personnel

FROM: CME Clearing

SUBJECT: **Spot Nonfat Dry Milk Rule Changes**

DATE: May 22, 2008

Monday, May 26, 2008 new rule changes to Chapter 54S Nonfat Dry Milk - Spot Call will become effective. The following are rule changes impacting the delivery process.

- Seller shall submit product details by 3:00 p.m. one business day following the day of sale to the buyer and copy to the Clearing.
- Seller shall submit tender details and product support documentation to Clearing by 3:00 p.m. the third business day after the day of sale.
- A buyer shall submit shipping and routing instructions as well as any grading certificate request to Clearing by 3:00 p.m. the second business day following the day of sale.
- Buyer's clearing firm shall make payment for product directly to the seller's clearing firm by 3:00 p.m. on the fourth business day after the day of sale.
- Seller's clearing firm shall provide product documentation directly to the buyer's clearing firm upon receipt of buyer's payment.
- Freight allowance rates have been revised as follows:
 - Delivery from an approved warehouse or plant in Chicago is considered "par".
 - Delivery made from an approved warehouse or plant outside of Chicago the following allowance will apply:
 - Up to 400 miles outside of Chicago - \$0.0125 per pound
 - Between 400 - 800 miles outside of Chicago - \$0.025 per pound
 - Between 800 - 1200 miles outside of Chicago - \$0.0325 per pound
 - Between 1200 - 1600 miles outside of Chicago - \$0.040 per pound
 - Beyond 1600 miles outside of Chicago - \$0.055 per pound
 - The freight allowance will be calculated on the net weight delivered.

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- The nonfat dry milk shall be packaged in multiwall paper bags of 25 kilogram net capacity. The bag shall be constructed of a minimum of 3 walls or flat extensible kraft paper and a minimum 2.0 mil (guaranteed) low density polyethylene food grader liner.
- If a buyer does not remove product from a plant in accordance to the rules, a buyer shall be obligated to pay \$0.005 per pound to the seller for each day product is not removed including the day in which the buyer removes the product. The buyer shall make payment to the seller.
- NEW Rule - Only the original manufacturing plant can deliver the carlot from its plant. If that carlot is to be resold on the Exchange it must be moved to an approved warehouse before it can be shipped.
- NEW Rule – Nonfat Dry Milk must be loaded on pallets for shipping. Buyer must arrange for full exchange of pallets or make payment at \$12.50 per pallet.

If there are any questions, please contact Deliveries at (312) 930-3172.