

Advisory Notice

Clearing House

TO: Clearing Member Firms
Attn: Operations Managers & Delivery Personnel

FROM: Clearing House Department

DATE: August 12, 2004

ADVISORY #: 04-141

SUBJECT: **Fertilizer Delivery Procedures**

September 2004 will mark the first delivery period for Diammonium Phosphate Futures, Urea Futures and Urea Ammonium Nitrate Futures. Known collectively in the web based delivery system as Fertilizer, they will begin their delivery on Thursday, September 16, 2004.

Using the delivery application, firms will be able to maintain their inventories of long positions in one of three ways: enter the inventory manually, send a file from a bookkeeping provider on the first position day of the spot month and modify the data manually after the initial load into the system or send a daily file from a bookkeeping provider. Clearing member firms will also have the ability to enter/ inquire intents, forecast assignments and maintain Points of Origins under Facilities.

Assignments

After notices of intents are received by the Clearing House, deliveries are assigned to the oldest long positions. After the assignment process is completed, each delivering and receiving firm will receive a detailed print out of their assignment. These are distributed to firms' mailboxes, Data Processing, 2nd floor, 30 South Wacker Drive or via Document Direct.

Seller's Duties

The seller must give notice of Intent to deliver to the Clearing House prior to 12:00 noon (Chicago Time) on any business day in the contract month after termination of trading. The seller is responsible for taking a sample at point of origin. A single sample representative of all shipments that day may be taken. The seller shall follow the buyer's shipping instructions within seven business days after receipt of such instructions. The seller shall prepay the actual freight charges and bill the buyer through the Clearing House. In addition, within one business day after acceptance by the railroad, the Clearing House must receive tally information from the seller giving the car number, unit size and date of acceptance. The seller shall, on the business day after acceptance by the railroad, send the sample to a testing services company designated by the Clearing House via

overnight delivery. The sample should consist of a one-half pound dry bulk sample that is enclosed in glass or a sealable plastic bag. The sample should be sent via overnight delivery to: Intertek Caleb Brett, 2100 L&A Road, Metairie, LA 70001. The seller must indicate the following on the sample Chicago Mercantile Exchange Inc., the type of Fertilizer (UAN, Urea or DAP) the CME assignment number and car number that the sample represents.

Buyer's Duties

The buyer assigned the Notice of Intent shall deposit with the Clearing House no later than 10:00 a.m. (Chicago time) on the following business day a wire transfer in an amount equal to 100 times the settlement price. The buyer shall, within two business days of receipt of the Notice of Intent, submit to the Clearing House shipping instructions, to include consignee, mailing address for seller's samples, point of destination and routing acceptable to the originating carrier.

Payment

To complete delivery, the seller must deposit with the Clearing House a Delivery Notice, a certificate of chemical analysis from an independent laboratory noting the properties specified in Rule 20501 and a uniform straight bill of lading. These forms must be received by the Clearing House postmarked within fourteen business days of the date of receipt of shipping instructions. Attached are forms needed to complete the delivery which can be found on the CME website.

Please contact the Deliveries Unit at (312) 930-3172 with any questions regarding these procedures.