

## Advisory Notice

Clearing House

TO: Clearing Member Firms  
Attn: Back Office Managers  
Delivery Personnel

FROM: Clearing House Department

ADVISORY #: 06-170

DATE: July 10, 2006

SUBJECT: **Spot Cheese Rule Changes**

Effective immediately, rule changes have been made to Chapter 53S Cheese –Spot Call. Some of these rule changes impact the delivery process. The rule changes are as follows:

- If elected, the seller or buyer may request a grading of cheese by 3:00 p.m. on the business day following the date of sale. **Note:** Any party who requests grading and later attempts to waive the requested grade, must have approval from the other party, and both parties must submit to the Clearing House a letter on their companies letterhead, indicating details of the transaction, the reason the grading was waived and that approval was acknowledged and accepted by the other party. Waiving a grading after request for grading has been elected is to be approved by the Clearing House on an exception only basis. If approved both parties must adhere to the standard delivery period timeframe requirements, as if a grading was never elected.
- Delivery instructions for cheese must be entered into the Spot Call Deliveries system by 12 noon on the third business day after the day of sale.
- The CME Clearing House shall make available via the Spot Call Deliveries system at 3:00 p.m. on the third business day following the day of sale an invoice that specifies the date and price of sale, adjustments for moisture content when applicable and freight differential. **Note:** Any firm failing to provide the necessary information to generate an invoice will be fined according to the rules in Chapter 53S which states “Any failure to meet the deadlines set forth within this Chapter, except for Acts of God or Acts of Government, will subject one or both parties to a penalty of \$500 per contract, per calendar day payable to the Clearing House at the close of each day. Repeated failure may result in suspension of trading privileges or expulsion for one or both of the parties. “
- The buyer shall pay for the cheese within 7 business days after the date of the invoice covering the cheese.
- If a grading has been selected for a load of cheese, a buyer shall pay 90% of the amount invoiced within 7 business days after the date of the invoice, and the balance when the grading is completed.
- If the cheese delivered fails to meet specifications as stated in these rules a claim shall be made in writing and a copy delivered to Clearing House Deliveries.
- For cheese failing to meet grade, a seller must have a replacement load available for pick up 3 business days after a failed grade has been issued.

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- A buyer must pick up the replacement load 3 business days after the load is made available from the seller.
- Sellers or buyers who submit late, materially incomplete or erroneous delivery information or who cause material adjustments to the delivery information shall be fined \$200 per contract per day, payable to the buyer or seller depending on the party that is harmed.

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