

Advisory Notice

Clearing House

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

FROM: Clearing House Department

ADVISORY #: 07-26

DATE: January 30, 2007

SUBJECT: **Spot Cheese & Nonfat Dry Milk Rule Amendments**

Monday, February 5, 2007 new rule changes to Chapter 53S Cheese –Spot Call and Chapter 54S Nonfat Dry Milk will become effective. The following are changes impacting the delivery process.

Spot Cheese

- The CME Clearing House shall make available in the Spot Call Deliveries system by 3:00 p.m. on the third business day after the day of pick-up an invoice that specifies the date and price of sale, adjustments for moisture content when applicable and freight differential.
 - Note: The day of pick-up is determined as the sixth business day after the day of sale.
- The buyer shall pay for the cheese within 3 business days after the date of the invoice covering the cheese.
- If a grading has been selected for a load of cheese, the buyer shall pay 90% of the amount invoiced within 3 business days after the date of the invoice, and the balance when the grading is completed.
- For cheese delivered in steel barrels there will be a 3-cent discount. The seller must select whether the barrels are steel in the Spot Call Deliveries system to calculate the discount.
- A revision has been made to rule 53S11 to - "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 Exchange 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 freight differential calculation for a 1.03 deduction is applicable for deliveries between 700 and 729 miles.

Spot Nonfat Dry Milk

- The CME Clearing House shall make available in the Spot Call Deliveries system by 3:00 p.m. on the third business day after the day of sale an invoice that specifies the date and price of sale and freight differential when applicable.

Spot Cheese & Nonfat Dry Milk Rule Amendments

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- In addition, buyers or sellers who submit late, materially incomplete or erroneous delivery information or who cause mater adjustments to 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.